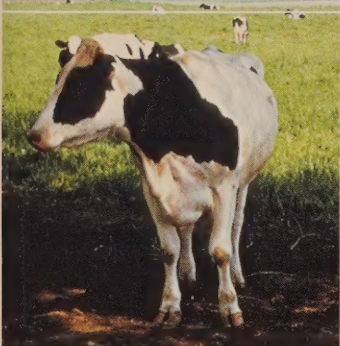
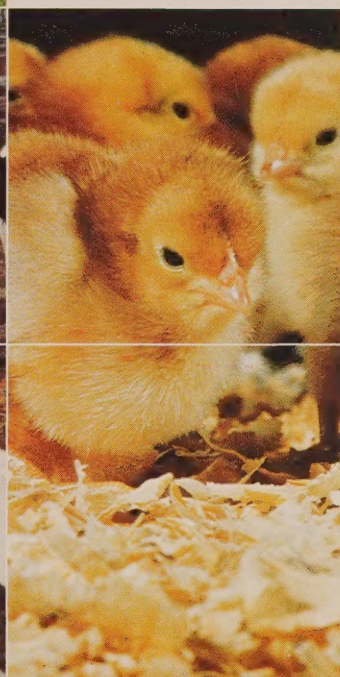
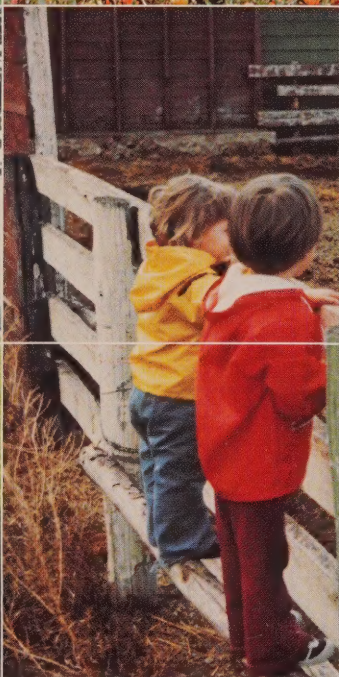
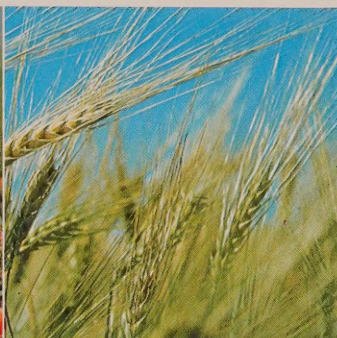
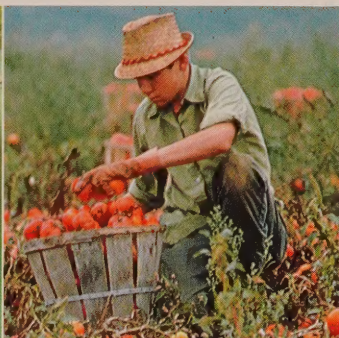


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**Farm Credit Corporation
Canada****Société du crédit agricole
Canada****Annual Report 1980-81****Rapport Annuel 1980-81**CAI
DB 41
- A55



June 12, 1981

The Honourable Eugene Whelan, P.C., M.P.
Minister of Agriculture
House of Commons
OTTAWA, Ontario
K1A 0A6

Dear Mr. Whelan:

It is my pleasure to submit the 22nd Annual Report of Farm Credit Corporation Canada and the financial statements for the year ending March 31, 1981.

Canadian agriculture has faced serious problems in the past 12 months. The prime interest rate, which was at 17.5 per cent at the start of the fiscal year, dropped to 12.25 in August only to climb again to 17.75 per cent by year end. Many regions were affected by drought while some producers, such as those in the beef and hog industries, faced dangerously low returns for their products. The Corporation still has not received the green light on certain projects for the future, and our lending funds this year were well below the demand from farmers, forcing us to turn down a good number of worthwhile projects.

Despite these handicaps, the Members of the Corporation are proud of the service offered to farmers in the past year, and of the further improvement in the management of our business. They wish to congratulate all FCC employees for their efficiency. They also recognize the excellent work done by our provincial appeal boards and they thank the members of the Advisory Committee for their constructive comments.

I am grateful for your numerous and constant efforts to enhance the Corporation's objectives in the field of agricultural credit, and I feel certain that under your leadership we are moving toward achievements that will allow Canada to better respond to the food supply challenges of this decade.

Yours sincerely,

Rolland P. Poirier,
Chairman

le 12 juin 1981

L'honorable Eugene Whelan, C.P., député
Ministre de l'Agriculture
Chambre des communes
OTTAWA, Ontario
K1A 0A6

Monsieur le Ministre,

Permettez-moi de vous présenter le 22ième Rapport annuel de la Société du crédit agricole Canada ainsi que les états financiers de l'exercice terminé le 31 mars 1981.

Le secteur agricole canadien a connu des problèmes très sérieux pendant ces 12 mois. Le taux d'intérêt préférentiel, qui était de 17.5 pour cent au début de l'année, est descendu jusqu'à 12.25 pour cent en août pour remonter à 17.75 pour cent à la fin de l'année. Une grave sécheresse a sévi dans plusieurs régions du pays, et les prix de certains produits tels le bœuf et le porc ont été dangereusement bas. Notre Société n'a pas encore reçu le feu vert pour entreprendre certains projets d'avenir. Ainsi les fonds disponibles ont été bien en-dessous des demandes venant des agriculteurs et nous avons dû refuser un bon nombre de projets qui nous paraissaient très légitimes.

Malgré tous ces handicaps, les membres-directeurs de la Société sont fiers des services fournis aux agriculteurs et des progrès réalisés dans la gestion de nos affaires. Ils félicitent tous nos employés pour leur efficacité; ils reconnaissent l'excellent travail de nos Commissions d'appel provinciales et ils remercient les membres du Conseil consultatif national pour leurs judicieux conseils.

Je vous suis très reconnaissant pour les efforts soutenus que vous déployez afin de nous fixer des objectifs encore plus intéressants dans le domaine du crédit agricole et je suis certain que sous votre leadership, nous nous dirigeons vers des réalisations qui aideront le Canada à mieux répondre au défi alimentaire de la présente décennie.

Votre tout dévoué,

Rolland P. Poirier,
Président



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Chairman's Report

Rapport du Président

The Challenge of 1980-81

In 1980-81, inflationary pressures continued to cause considerable financial fluctuations in western countries. This lack of stability and confidence in the future had an understandably negative effect on bonds with a term of 10 years or more. At times in 1980-81 the market for these bonds disappeared for all practical purposes in Canada, severely affecting the availability of long-term mortgages at fixed interest rates.

The prime bank rate in Canada fluctuated between 18.25 per cent and 12.25 per cent during the year and was 17.75 per cent at year end. The interest rates on farm mortgages offered by private institutions fluctuated between 17 per cent and 13.5 per cent and then climbed to 16.5 per cent. Furthermore, the period for which interest rates are fixed has been continuously reduced and in certain cases, mortgage rates fluctuate with the prime rate. The interest rates on our own loans were at 13 per cent in April 1980, 12.75 per cent in October, and then 14 per cent in April 1981, and they remained fixed for the term of the mortgage.

Under such circumstances, it has become extremely difficult for farmers to plan their operations on a long or even intermediate-term basis, especially since new long-term farm mortgages offered by private institutions contain clauses setting the interest rate for only one or two years, or five years at the most. Indeed, the interest rate on some mortgages varies continuously with the prime rate.

High interest rate levels also resulted in a noticeable increase in the debt-servicing portion of farm production costs in 1980-81. To this must be added increases in all other input costs. For some products, such as potatoes in the spring of 1980 and beef and hogs during most of the year, such cost increases coincided with a market price decrease. Finally, provinces in Western Canada suffered long drought periods which led to smaller crops and a reduction in livestock inventory.

Les défis de 1980-1981

Le monde occidental a continué de connaître en 1980-1981 des variations financières considérables qui sont toutes reliées de près ou de loin au cercle vicieux de l'inflation. Cette instabilité et ce manque de confiance dans un avenir dont l'horizon ne dépasse jamais un petit nombre d'années ont eu un effet notoire sur les obligations à long terme, c'est-à-dire celles de 10 ans ou plus. Nous avons même connu des périodes en 1980-1981 où le marché pour ces obligations disparu, restreignant sévèrement le nombre d'hypothèques à long terme à taux d'intérêt fixe disponibles sur le marché.

Le taux préférentiel des banques canadiennes a varié de 18.25 pour cent à 12.25 pour cent pour revenir ensuite à 17.75 pour cent à la fin de l'année. Les taux d'intérêt du secteur privé pour des hypothèques agricoles ont fluctué de 17 pour cent à 13.5 pour cent pour remonter ensuite à 16.5 pour cent. De plus, la période pour laquelle les taux d'intérêt sont fixés a diminué constamment et, dans certains cas, les taux hypothécaires fluctuent avec le taux préférentiel. Les taux d'intérêt pour nos propres prêts furent de 13 pour cent en avril 1980, 12.75 pour cent en octobre, puis 14 pour cent en avril 1981, et on a continué de les fixer pour le terme de l'hypothèque.

Dans de telles circonstances, la planification à long ou même à moyen terme est devenue extrêmement difficile pour nos agriculteurs, d'autant plus que les nouvelles hypothèques à long terme offertes par le secteur privé contiennent des clauses qui ont comme conséquence de fixer le taux d'intérêt pour seulement un an ou deux, ou tout au plus, pour cinq ans. Nous voyons même des hypothèques où le taux varie constamment avec le taux préférentiel.

Le haut niveau d'intérêt a provoqué, dans la portion « service de la dette », un accroissement notable qui est venu s'ajouter à l'augmentation des autres coûts de production. Pour certains produits comme la pomme de terre au printemps 1980, le porc et le bœuf pendant presque toute l'année, cette augmentation des coûts a coïncidé avec des baisses du prix de vente. Enfin, dans plusieurs régions du Canada, plus particulièrement dans l'ouest du pays, il y a eu de longues périodes de sécheresse qui ont diminué les récoltes et qui ont même mis en péril la vie des troupeaux.

FCC's Role as a Stabilizing Factor in Agriculture

Our Corporation is extremely proud to be contributing to farm stability in these difficult times by providing mortgages with an attractive rate fixed for a period of up to 30 years. We can also lend up to 100 per cent of the value of security, and part of this security may be based on chattels. FCC's 72,000 loans across Canada represent a positive factor which helps to maintain greater stability in agriculture than is seen in other sectors of our economy at this time.

In 1980-81, the federal Minister of Agriculture asked for a special effort to help the greatest possible number of farmers caught between higher production costs and lower incomes. Our Corporation reacted positively by helping a number of young farmers start in agriculture through loans at lower rates and with the interest rate fixed for the term of the mortgage, and through our willingness to accept greater risks. We authorized some of our borrowers to defer their payments until other pressures on their cash flow subside.

Finally, we increased the percentage of our funds approved for consolidation of loans held either with our Corporation or other lenders. We took these actions without substantially increasing our arrears or our provisions for possible losses. At the same time, we succeeded in having a net profit which is higher than that of last year. I am proud of the full FCC team for achieving these results under very difficult circumstances.

The year was also the scene of lengthy discussions within government to better define the federal government's basic objectives in farm credit, and especially in long-term agricultural credit. Unfortunately, the year ended before firm decisions were made.

The 1980-81 fiscal year was similar to the previous one in that qualified loan applications were too numerous for our limited financial resources. We directed our loans toward those with greater needs. As early as December, our loan activities were greatly reduced. We had to start accumulating legitimate applications in a reserve for reconsideration early in the next fiscal year. At the beginning of April 1981, we had applications representing more than \$100 million on hand which could not be met in 1980-81.

Le rôle de la SCA comme facteur de stabilité en agriculture

Notre Société est extrêmement fière par les temps qui courent de pouvoir offrir aux agriculteurs canadiens un important facteur de stabilité sous la forme d'une hypothèque dont les taux d'intérêt sont fixés à l'avance pour une période qui peut atteindre 30 ans. De plus, nous pouvons prêter jusqu'à 100 pour cent de la valeur de la garantie, et une partie de cette garantie peut être basée sur des biens meubles. Nos 72,000 prêts actifs à travers tout le Canada sont une force très positive qui maintient le monde agricole dans un état de stabilité supérieur à ce que nous voyons dans les autres secteurs.

Le Ministre fédéral de l'Agriculture a demandé en 1980-1981 à la SCA de faire un effort spécial pour aider le grand nombre d'agriculteurs coincés entre des coûts plus élevés et des revenus plus bas. Notre groupe a réagi très positivement à cette demande. Nous avons aidé un certain nombre de jeunes à débiter dans la carrière malgré tous les handicaps, grâce à nos prêts comportant des taux moins élevés qui sont fixés pour la durée de l'hypothèque, et grâce à notre acceptation de risques plus grands. Nous avons permis à certains de nos propres emprunteurs de retarder leurs paiements jusqu'au moment où les autres pressions s'exerçant sur la circulation monétaire devaient être moins urgentes.

Enfin, nous avons considérablement augmenté le pourcentage de nos prêts destinés à la consolidation des dettes contractées soit avec notre Société, soit avec d'autres prêteurs. Nous avons pu agir ainsi sans augmenter considérablement nos arrérages ni nos provisions pour couvrir les pertes afférentes aux mesures de recouvrement. Enfin, nous avons également réussi à enregistrer un bénéfice net qui est supérieur à celui de l'année précédente. Je suis très fier de ce tour de force réalisé par toute l'équipe de la Société dans des circonstances très difficiles.

L'année financière 1980-1981 fut très fertile en discussions au sein du gouvernement afin de mieux préciser les objectifs de base du gouvernement fédéral dans le domaine du crédit agricole et plus particulièrement le crédit à long terme. Malheureusement, l'année s'est terminée sans que le débat ait encore conduit à des décisions fermes.

Nous avons connu une année semblable à la précédente pendant laquelle les demandes venant de cette portion de la population agricole que nous avons toujours eu un mandat de servir étaient supérieures à nos ressources financières. Nous avons dirigé nos prêts vers ceux qui en avaient le plus besoin et, dès le mois de décembre, le flot de nos affaires avait considérablement diminué. Il a donc fallu dès ce moment accumuler les demandes légitimes dans une réserve à reconsidérer dès le début de la prochaine année financière. C'est ainsi que nous avions en main au début d'avril 1981 plus de \$100 millions en demandes qui constituaient le trop plein de 1980-1981.



The need for greater sources of agricultural credit became a prime concern of farm organizations during the year. The Canadian Federation of Agriculture and other farm organizations made numerous representations asking that the financial resources of FCC be substantially increased to help farmers overcome current financial difficulties.

One possible solution to FCC's budgetary shortfall has been examined before. In 1979, Mr. Whelan introduced a bill in the House of Commons authorizing the Corporation to borrow from other sources than the Department of Finance. The bill died when elections were suddenly called. However, members of our Corporation continue to feel that the most practical way to increase FCC's financial resources is to seek an amendment to the Farm Credit Act authorizing the Corporation to borrow on financial markets. In the hope that this authority will be granted, we include a series of financial indicators in this report which may be helpful to those who wish to invest in our Corporation. These can be found under "Financial Operations".

Many official reports issued by the Government and the Auditor General, as well as a bill on Crown corporations, strongly recommend that each public organization develop a practical method to measure the degree of success in attaining various basic objectives. FCC entrusted this new task to its Economic and Liaison Services and their analysis is included in this report.

Nous avons noté au cours de l'année de nombreuses représentations faites par plusieurs associations agricoles et, particulièrement, la Fédération canadienne de l'agriculture en vue de faire considérablement augmenter les ressources de la SCA afin d'aider les agriculteurs à faire face aux difficultés financières présentes.

De nombreuses études furent menées en vue d'accroître les fonds de la Société. Puis, en 1979, M. Whelan a présenté en Chambre un projet de loi qui aurait permis à notre Société d'emprunter de sources autres que le ministère des Finances. Ce projet de loi n'a pas atteint le stade de la décision à cause du déclenchement subit d'une élection. Les membres-directeurs de notre Société continuent de croire que la façon la plus pratique d'augmenter les ressources financières de la SCA est d'obtenir un amendement à la Loi sur le crédit agricole qui permettrait d'emprunter sur les marchés financiers. En gardant l'espoir qu'un tel pouvoir nous sera accordé, nous avons cru pratique d'insérer dans le présent rapport toute une série de nouveaux renseignements qui pourraient être utiles aux gens qui voudront investir dans notre Société. On les trouvera dans la partie traitant des finances.

Plusieurs rapports officiels du gouvernement et du Vérificateur général ainsi qu'un projet de loi sur les sociétés de la Couronne ont fortement recommandé que chaque organisme gouvernemental développe une méthode pratique pour mesurer le degré avec lequel ses différents objectifs de base se réalisent. À la SCA, nous avons confié cette nouvelle tâche à notre Service de l'économie et de liaison, et l'on verra plus loin dans cette publication un rapport à ce propos.



The Corporation's Immediate Future

At the end of December 1980, we moved our Head Office to a new building located at 434 Queen Street, Ottawa. This location brings us nearer to the centre of financial and government activities and since we are the sole tenant of the building, we will benefit from a greater visibility.

We expect to institute a program shortly to allow our borrowers to choose between the current fixed interest rate system and a new system under which the interest rate would be reviewed after 10 years or five years, especially if this second choice substantially reduces their loan costs.

We also hope to offer beginning farmers a loan program better adapted to their restricted cash flow during the start-up period. We would do this by reducing initial payments for a maximum period of three years and then reamortizing their debt over the remaining term of the loan. This program would be complemented by intensive advisory services in the area of agricultural financing.

FCC will continue to examine on a case to case basis the situation of many young farmers who are currently in financial distress because of high interest rates, and we will offer assistance whenever a practical solution is possible.

We hope that Canadian farmers will take maximum advantage of the services offered by FCC. We are convinced that this will allow Canada to successfully face the challenges of the 1980s and enhance its excellent reputation in the world as a major agricultural power.

Un regard sur l'avenir immédiat de la Société

À la fin de décembre 1980, nous avons établi notre Siège social dans un nouvel édifice situé au 434, rue Queen, à Ottawa. Cette nouvelle location nous rapproche du centre des activités gouvernementales et financières et, comme nous sommes les seuls locataires de l'édifice, nous pourrions à l'avenir mieux nous identifier vis-à-vis le grand public.

Nous croyons pouvoir bientôt mettre en place un programme permettant à nos emprunteurs de choisir entre le système actuel d'intérêt fixe et un autre système où le taux d'intérêt serait révisé après dix ou cinq ans, surtout si ce deuxième choix diminue sensiblement le coût du prêt.

Nous espérons également pouvoir offrir aux agriculteurs qui débutent un type de prêt mieux adapté à leur circulation monétaire des années d'établissement. Nous y parviendrions en réduisant leurs paiements pour une période pouvant aller jusqu'à trois ans, puis après cette période, en réamortissant leur dette sur les années subséquentes. Ce programme serait accompagné d'un service intensif de conseils dans le domaine du financement agricole.

La SCA continuera d'examiner au mérite la situation de chacun des nombreux jeunes cultivateurs qui sont en difficulté en raison des taux d'intérêt élevés et à leur offrir de l'aide chaque fois qu'une solution réaliste peut être trouvée.

Nous espérons que les agriculteurs du Canada pourront tirer le maximum d'avantages des services que la SCA continue de mettre à leur disposition et nous sommes certains qu'ensemble nous pourrions ainsi transformer les défis des années 1980 en des succès qui hausseront encore davantage la réputation du Canada dans le domaine de l'agriculture mondiale.

Measures of Farm Credit Corporation Canada's Effectiveness

Évaluation de l'efficacité de la Société du crédit agricole Canada



Since the first report on the effectiveness of Farm Credit Corporation Canada in the 1979-80 Annual Report, a procedure has been established to monitor and report annually on the Corporation's effectiveness.

The primary objective of Farm Credit Corporation Canada is to provide long-term farm credit and advisory services in order to develop viable farm operations so that agriculture can provide farmers with a fair return on their capital investment, labour and skills and so that agriculture can make its greatest contribution to the Canadian economy.

This can be best achieved by:

- (1) the judicious distribution of loan funds to those people and sectors of the farm economy where such funds will contribute to the strength and stability of agriculture;
- (2) directing funds towards the introduction of the younger generation into Canadian agriculture;
- (3) the provision of financial and farm management counselling through a program of advisory services;
- (4) the maintenance of a flexible and empathetic approach to those farmers who have realistic prospects of success but who are experiencing temporary financial difficulties due to adversities beyond their control.

The Corporation, under the Financial Administration Act, is ordinarily required and plans to conduct its operations without appropriations from the Government of Canada.

La Société du crédit agricole Canada présentait pour la première fois une évaluation de son efficacité dans son rapport annuel de 1979-1980. Elle a depuis mis au point une méthode administrative qui lui permet de mesurer annuellement son degré d'efficacité et d'en rendre compte.

L'objectif premier de la Société du crédit agricole Canada est de fournir un crédit hypothécaire à long terme et des services consultatifs aux cultivateurs afin qu'ils puissent s'établir et rentabiliser leur exploitation, de telle sorte que l'agriculture leur assure un rendement équitable pour leurs investissements en capital, leur travail et leur gestion, et qu'elle puisse apporter une contribution optimale à l'économie canadienne.

Les meilleurs moyens de réaliser cet objectif sont :

- (1) de répartir judicieusement ses fonds de prêt au sein de la population et des secteurs de l'économie agricole en les affectant là où ils contribueront le plus à la vigueur et à la stabilité de l'agriculture;
- (2) d'octroyer ses fonds en vue de favoriser l'entrée de la jeune génération dans l'agriculture canadienne;
- (3) de fournir un counselling en financement et en gestion agricole au moyen d'un programme de services consultatifs;
- (4) d'adopter une approche souple et ouverte envers les cultivateurs qui ont des perspectives réalistes de réussite, mais qui éprouvent des difficultés financières temporaires en raison de circonstances indépendantes de leur volonté.

La Société est ordinairement tenue, par la Loi sur l'administration financière, de mener ses opérations sans faire appel à des crédits budgétaires du gouvernement du Canada, et elle planifie ses opérations en conséquence.

Selectivity

The Corporation strives to provide loans to those applicants who have viable proposals but who do not meet or who would have difficulty in meeting the security or repayment criteria required by the private sector.

Loan Requests

In the 1980-81 fiscal year, 204 credit advisors in 103 field offices gave more than 57,000 interviews in selecting loan applicants and administering loan accounts. A total of 27,409 specific loan requests were received. After assessment of these requests, 4,686 loans for a total of \$508.9 million were approved. Some 17 per cent of all loan requests were approved. Of the 23 per cent of the loans declined at the interview stage, 32 per cent were declined because of insufficient repayment potential, 30 per cent had the resources and repayment potential to get credit elsewhere, 16 per cent were not planning to become principally occupied in farming and 22 per cent were declined for other reasons.

Although five out of six loan requests were declined, only 121 of these decisions were appealed by farmers. In most cases, credit advisors were able to provide applicants with alternatives to further their farm development plans.

Asset and Equity Levels

The selection process utilized by FCC has resulted in the extension of credit to applicants with agricultural asset levels substantially below the national average of \$340,000 in 1980 (Table I). After receiving an FCC loan, the asset level of FCC borrowers averaged \$353,600, indicating that an FCC loan increases farm asset levels to the national average. The equity levels of FCC borrowers have averaged close to 50 per cent since 1976 compared to national equity levels of 80 to 85 per cent. These statistics show that FCC borrowers are of a higher risk than the national agricultural balance sheet indicates. The lower equity of FCC borrowers also reflects the financial position of its borrowers who are at the beginning stages of their farm development.

Farm Size

The land base of FCC applicants has also been smaller than the national average. In 1980-81, land purchased by FCC loans brought farm size to slightly above the national average (Table II). This trend reinforces FCC's concentration on smaller units, a characteristic of those farmers entering agriculture.

Clientèle privilégiée

La Société s'efforce d'offrir ses prêts en priorité aux requérants qui ont des projets rentables mais qui ne peuvent ou pourraient difficilement satisfaire aux critères de garantie ou de remboursement du secteur privé.

Demandes de prêts

Au cours de l'exercice 1980-1981, 204 conseillers en crédit répartis dans 103 bureaux de campagne ont accordé plus de 57,000 entrevues pour l'évaluation des demandes d'emprunt ou pour l'administration des comptes. Les 27,409 demandes de prêts reçues ont donné lieu à 4,686 prêts pour un montant total de \$508.9 millions. Environ 17 pour cent des requérants ont reçu des prêts. Les conseillers ont signifié un refus à l'entrevue à 23 pour cent des requérants. Les motifs de refus se répartissaient comme suit : 32 pour cent en raison d'un potentiel de remboursement insuffisant, 30 pour cent parce que le requérant possédait les ressources et le potentiel de remboursement pour emprunter ailleurs, 16 pour cent parce qu'il ne projetait pas de s'établir principalement en agriculture et 22 pour cent pour d'autres motifs.

Même si on a refusé cinq demandes d'emprunt sur six, seulement 121 d'entre elles ont donné lieu à un appel. Dans la plupart des cas, les conseillers en crédit ont pu présenter aux requérants des solutions de rechange.

Niveaux d'actif et d'avoir net

Le processus de sélection a amené la SCA à prêter aux requérants dont l'actif agricole est sensiblement inférieur à la moyenne nationale, qui s'établissait à \$340,000 en 1980 (Tableau I). Toutefois, après l'octroi d'un prêt de la SCA, les emprunteurs voyaient leur actif moyen grimper à \$353,600 et atteindre la moyenne nationale. L'avoir moyen des emprunteurs se situe tout près de 50 pour cent depuis 1976, comparativement à un niveau moyen variant entre 80 et 85 pour cent au plan national. Ces statistiques montrent que les emprunteurs de la SCA présentent de plus grands risques que ne l'indique le bilan agricole national. L'avoir net plus faible des emprunteurs de la SCA est également une indication de leur situation financière car la majeure partie d'entre eux en sont aux étapes initiales d'aménagement.

Superficie des exploitations

Les requérants de la SCA possédaient également un fonds de terre moins grand que la moyenne nationale. En 1980-1981, les terres achetées à l'aide de prêts de la SCA ont amené la superficie possédée légèrement au-dessus de la moyenne nationale (Tableau II). La SCA fait donc porter ses efforts sur les exploitations plus petites qui sont principalement l'apanage des cultivateurs débutants.

Table I

	FCC Borrowers Emprunteurs SCA	Assets Actifs	National Average¹ Moyenne nationale
	Before Loan Avant l'emprunt		
1976-77	\$139,000		\$190,500
1977-78	157,000		209,600
1978-79	189,500		240,300
1979-80	218,800		296,000
1980-81	273,900		340,000

¹Estimates

Tableau I

	FCC Borrowers Emprunteurs SCA	Equity (%) Avoir net (%)	National Average¹ Moyenne nationale
	After Loan Après l'emprunt		
1976-77	52		83.3
1977-78	55		82.4
1978-79	47		82.5
1979-80	49		82.1
1980-81	51		82.0

¹Estimations

Table II

	FCC Borrowers Emprunteurs SCA			
	Acres Owned Acres possédées		Total Acres Operated Acres totales exploitées	
	Before Avant	After Après	Before Avant	After Après
1976-77	309	514	521	719
1977-78	331	494	545	704
1978-79	250	454	501	668
1979-80	256	415	481	648
1980-81	276	403	497	646

¹Estimates

Tableau II

	National Average Per Census Farm¹ Moyenne nationale par ferme recensée			
	Acres Owned Acres possédées		Total Acres Operated Acres totales exploitées	
1976-77	388		553	
1977-78	389		559	
1978-79	390		565	
1979-80	392		570	
1980-81	395		575	

¹Estimations



Table III

FCC Loans as a Percentage of Security Prêts SCA exprimés en pourcentage de la garantie		
	Less than 35 Years Âgés de moins de 35 ans	35 Years and Over Âgés de 35 ans et plus
1976-77	63	49
1977-78	63	49
1978-79	68	60
1979-80	70	63
1980-81	69	63

Tableau III



Assistance to Young Farmers

The FCC continues to concentrate on providing funds for young people to enter Canadian agriculture.

Phase-In Farmers

In 1975-76, the Corporation began to make loans to applicants under 35 years of age who, over a period of up to five years, could with an FCC loan and money from employment phase into full-time farming. In 1975-76, 306 loans were approved under this program. By 1980-81, 290 of these borrowers had phased into agriculture.

Age Distribution of FCC Borrowers

Since 1976-77, more than 70 per cent of the loans approved annually were to applicants under 35 years of age. More than 20 per cent of all borrowers have been under 35 years of age and establishing a new unit. There was a decrease in the number of new entrants financed by FCC from 1,416 in 1979-80 to 1,100 in 1980-81 because of the development of provincial credit programs to assist beginning farmers. Uncertainty in the agricultural sector combined with high interest rates may also have discouraged entrants into agriculture.

Loan-to-Security Ratios

Since FCC was given the authority to make loans up to 100 per cent of the value of the security in 1975-76, the trend has been to loans with less security (Table III). In many situations, additional security is not available, which is typical of young beginning farmers.

Aide aux jeunes cultivateurs

La Société continue d'acheminer ses fonds vers les jeunes gens qui désirent s'établir en agriculture.

Prêts d'établissement progressif

La Société a commencé à prêter en 1975-1976 aux requérants âgés de moins de 35 ans qui voulaient s'établir progressivement en agriculture sur cinq ans, à l'aide d'un prêt de la SCA et de fonds tirés d'un emploi hors exploitation. Elle a alors approuvé 306 prêts. Cinq ans plus tard, soit en 1980-1981, 290 emprunteurs s'étaient effectivement établis en agriculture.

Répartition des emprunteurs SCA selon l'âge

Depuis 1976-1977, plus de 70 pour cent des prêts accordés chaque année l'ont été à des requérants âgés de moins de 35 ans. Au-delà de 20 pour cent de tous les emprunteurs avaient moins de 35 ans et établissaient une nouvelle exploitation. Le nombre de personnes débutant en agriculture à l'aide d'un prêt de la SCA a fléchi entre 1979-1980 et 1980-1981, passant de 1,416 à 1,100, alors que les provinces ont investi davantage dans les programmes de crédit aux cultivateurs débutants. L'incertitude qui règne dans le secteur agricole, ainsi que les taux d'intérêt élevés, pourraient aussi avoir dissuadé plusieurs personnes qui voulaient s'établir en agriculture.

Rapport entre le prêt et la garantie

La Société a été autorisée en 1975-1976 à consentir des prêts pouvant atteindre 100 pour cent des valeurs en garantie. Depuis, elle a fait des prêts reposant sur une garantie moindre (Tableau III). Dans la plupart des cas, les jeunes cultivateurs débutants ne sont pas en mesure d'offrir davantage en garantie.

Table IV

	Equity (%) Avoir net (%)		Loan-to-Security Ratio (%) Ratio prêt-garantie (%)	
	Advisory Services Borrowers Emprunteurs avec services consultatifs	Other Borrowers Autres emprunteurs	Advisory Services Borrowers Emprunteurs avec services consultatifs	Other Borrowers Autres emprunteurs
1976-77	36	58	75	50
1977-78	36	59	73	50
1978-79	31	49	78	63
1979-80	34	49	78	66
1980-81	38	53	77	65

Tableau IV

Advisory Services Program

FCC provides financial and farm management counselling through its advisory services program. Credit advisors provide counselling to all clients and potential clients at the early stages of their development plans. There are also borrowers who recognize that they face higher levels of risk and would benefit from continuous farm business analyses, financial planning, and the production and financial monitoring that the advisory services program offers.

Of the total loans approved annually, more than 15 per cent agree to the continuous advisory services program. Prior to 1978, participation in the program was compulsory. Since that time, the total number under the program has decreased because only those who request it or who may benefit from the service are formally maintained on the program.

Characteristics of Advisory Services Accounts

Borrowers under the advisory services program are generally of a higher risk category with lower equity and higher loan-to-security ratios (Table IV). The repayment record of those released from advisory services is comparable to those not on the program, indicating its benefits to high risk borrowers. The repayment record of those maintained on the program is less favourable because of additional risk. However, with time, most accounts are successful and have favourable repayment records.

Programme de services consultatifs

La Société offre un counselling en financement et en gestion agricole dans le cadre de son programme de services consultatifs. Les conseillers en crédit dispensent des conseils à tous les emprunteurs et à tous les requérants qui entreprennent des projets d'aménagement. D'autres emprunteurs reconnaissent que leur exploitation présente de plus grands risques et qu'il leur serait profitable d'obtenir, sur une base continue, les analyses d'entreprise, la planification financière, le contrôle de production et de leur situation financière qu'offre le programme de services consultatifs.

Plus de 15 pour cent des prêts consentis chaque année sont inscrits au programme de services consultatifs. Avant 1978, la participation était obligatoire. Le nombre total de participants a fléchi depuis parce que la Société maintient sur son programme uniquement ceux qui en font la demande et qui en tirent un bénéfice réel.

Caractéristiques des comptes inscrits aux services consultatifs

Les emprunteurs qui participent au programme de services consultatifs présentent ordinairement de plus grands risques, possèdent un avoir net plus faible et offrent des garanties moindres (Tableau IV). Le dossier de remboursement de ceux qui ont déjà participé aux services consultatifs se compare à celui des emprunteurs qui n'y participent pas. Il y a donc lieu de croire que le programme apporte une aide précieuse aux emprunteurs présentant des risques élevés. Les emprunteurs encore inscrits aux programmes présentent un dossier de remboursement moins favorable car leur entreprise comporte encore plus de risques. Toutefois, la majorité des comptes en viennent éventuellement à réussir et à présenter un dossier de remboursement favorable.

Table V

	Net Income (Loss) Before Taxes Bénéfices nets (Pertes) avant impôts
1976-77	\$ (1,617,938)
1977-78	945,603
1978-79	2,615,788
1979-80	6,030,532
1980-81	7,687,920

Tableau V

	Losses on Portfolio Pertes sur titres en portefeuille	Losses as Percentage of Portfolio Pertes en pourcentage des titres en portefeuille
	\$ 53,000	.002
	410,000	.017
	890,000	.033
	888,000	.029
	1,545,000	.046

Administration of Accounts

The Corporation takes a flexible and empathetic approach to farmers who have realistic prospects of success but who experience financial difficulties due to adversities beyond their control.

Arrears and Legal Actions

In recent years, less than 10 per cent of all FCC accounts have been in arrears at year end. Of those in arrears, less than two per cent in any one year have gone to legal action indicating that most delinquent accounts succeed or take the necessary action to resolve their difficulties.

FCC is at times able to rectify the difficulties faced by farmers in arrears through debt consolidation. In 1980-81, many farm borrowers required debt restructuring due to cash flow problems created by the weather, reduced profit margins or high interest rates. Some 24.3 per cent of all lending funds were approved for debt consolidation and restructuring, compared to 16 per cent in 1979-80.

Financial Performance

FCC is required to provide its services without appropriations from the Government of Canada, covering its expenses with a margin of one per cent on new loans. The success with which this has been achieved is reflected by the Corporation's increasing net income even though it still administers loans on which the interest rate is fixed by statute below FCC's cost of funds (Table V). Also, although FCC makes high risk loans and losses have increased, they are still minimal because all loans under the Farm Credit Act are secured by farm real estate which is considered to be prime security. Losses have occurred in specialized enterprises with small land bases.

Administration des comptes

La Société adopte une attitude souple et ouverte envers les cultivateurs qui ont des perspectives réalistes de succès mais éprouvent des difficultés financières en raison de circonstances indépendantes de leur volonté.

Arrérages et mesures judiciaires

Au cours des dernières années, moins de 10 pour cent de tous les comptes de la SCA étaient en arrérages à la fin de chaque année. De plus, pour chaque année, moins de deux pour cent ont donné lieu à des poursuites judiciaires. On peut donc en conclure que la plupart des emprunteurs dont le compte est en souffrance réussissent à redresser leur entreprise ou prennent les mesures nécessaires pour résoudre leurs difficultés.

La Société est parfois en mesure de redresser la situation des cultivateurs en arrérages en consolidant et en restructurant leurs dettes, afin de remédier à des problèmes de flux monétaire engendrés par les intempéries, la compression des marges bénéficiaires et les taux d'intérêt élevés. En 1980-1981, environ 24,3 pour cent de tous les fonds prêtés ont servi à cette fin, comparativement à 16 pour cent en 1979-1980.

Performance financière

La SCA est tenue de fournir ses services sans faire appel à des crédits budgétaires du gouvernement du Canada, et la marge d'un pour cent qui lui est accordée sur les nouveaux prêts doit lui suffire pour couvrir ses dépenses. Elle y parvient et ses bénéfices nets augmentent, même si elle continue d'administrer des prêts dont le taux d'intérêt est fixé par statut à un niveau inférieur à ses coûts d'emprunt (Tableau V). Bien que ses prêts comportent des risques élevés, ses pertes demeurent négligeables, même si elles augmentent légèrement, parce que tous les prêts qu'elle consent en vertu de la Loi sur le crédit agricole sont garantis par des biens immobiliers agricoles, lesquels représentent une garantie de premier ordre. La Société a subi des pertes surtout sur ses prêts aux entreprises spécialisées reposant sur une superficie restreinte.

Contribution to the Canadian Economy

Farm Credit Corporation Canada contributes to the Canadian economy by financing the development of viable farm operations. Although the nominal benefits to the economy are difficult to assess, some measurements are possible.

Facilitating the intergenerational transfer of farms and capital investment in farming are considered essential to the long-term productivity and stability of the agricultural sector. These are necessary if the agri-food sector is to continue to provide Canadian consumers with an abundant supply of high quality food at a reasonable price as well as for export. The Corporation strongly supports the family farm as the major means of food production. In 1979-80 and 1980-81, over 99 per cent of all loans approved were to family farms.

Farm operating expenditures of 1980-81 FCC borrowers increased an estimated \$100 million because of farm expansion, capital improvements and other agricultural investment projects. These increased annual expenditures combined with credit extended by the FCC contribute considerably to the economic health and growth of rural communities and agricultural service industries.

The success of FCC borrowers reflects their contributions to agricultural productivity levels and therefore the Canadian economy. Data indicate that 65 per cent of those applicants who were declined a loan because of their strong financial position had previously received an FCC loan. Data on 2,622 FCC borrowers whose loans in 1980-81 were assumed or retired indicate that over 91 per cent were successful. Also, 93.0 per cent of all 72,663 accounts were in good standing as of March 31, 1981.

This analysis of the effectiveness of the Farm Credit Corporation Canada indicates that the FCC is facilitating the development of viable farm operations and thus contributing to the Canadian economy. The next report on the effectiveness of the FCC will incorporate the results of a special FCC survey of farmers that is presently being completed as well as information from the 1981 Census of Agriculture. Such information should provide a good benchmark upon which to measure Farm Credit Corporation Canada's effectiveness in future years. Improvement in the Corporation's data collection and data processing facilities will also enhance this analysis.

Apport dans l'économie canadienne

La Société du crédit agricole Canada contribue à l'économie canadienne en fournissant le financement nécessaire à l'aménagement d'exploitations agricoles rentables. Même s'il est difficile d'évaluer plus concrètement les bénéfices économiques qu'elle engendre, il est néanmoins possible d'en mesurer quelques-uns.

Il est essentiel de favoriser le transfert des fermes d'une génération à l'autre et d'encourager les investissements de capital en agriculture afin d'assurer la productivité et la stabilité à long terme du secteur agricole. Le secteur agro-alimentaire pourra ainsi continuer d'assurer aux consommateurs canadiens un approvisionnement abondant de denrées de haute qualité à des coûts raisonnables, tout en permettant au Canada de maintenir ses exportations de denrées agricoles. La Société soutient fermement le concept de l'entreprise familiale comme principal facteur de production alimentaire. Près de 100 pour cent des prêts ont été approuvés à des entreprises familiales en 1979-1980 et en 1980-1981.

On estime que les dépenses d'exploitation agricole des emprunteurs de 1980-1981 de la SCA ont augmenté de \$100 millions en raison de l'expansion des entreprises, des améliorations foncières et d'autres projets d'investissements agricoles. L'accroissement annuel de ces dépenses ainsi que le crédit consenti par la SCA, contribuent à la santé économique et à la croissance des collectivités rurales et des industries de services agricoles.

La réussite des emprunteurs de la SCA contribue à la productivité agricole et, par ricochet, à l'économie canadienne. Les données disponibles révèlent que 65 pour cent des requérants auxquels on a refusé de prêter parce que leur entreprise était suffisamment solide étaient d'anciens emprunteurs de la Société. Des données recueillies sur les 2,622 emprunteurs de la SCA dont le prêt a été pris en charge ou acquitté en 1980-1981, révèlent que plus de 91 pour cent d'entre eux avaient réussi financièrement. De plus, 93.0 pour cent des 72,663 comptes étaient à jour au 31 mars 1981.

Cette analyse montre que la Société du crédit agricole Canada favorise l'aménagement d'exploitations agricoles rentables et contribue à l'économie canadienne. Le prochain rapport sur l'efficacité de la SCA incorporera les résultats du sondage spécial qu'elle fait présentement auprès des cultivateurs, ainsi que des renseignements tirés du recensement de l'agriculture de 1981. Ces renseignements devraient fournir un point de repère valable pour mesurer l'efficacité de la Société du crédit agricole Canada au cours des prochaines années. Une amélioration des données recueillies par la Société, ainsi que de son service d'informatique, permettra aussi de rehausser la valeur de cette analyse.

Lending Operations

Opérations de prêts



Operations under the Farm Credit Act

Loan Approvals

The Corporation experienced a decrease in its lending activities during the fiscal year ending March 31, 1981. A combination of factors affected the level of funds available for lending, including a reduction in capital from the federal government and a reduction in repayments from borrowers. Under the Farm Credit Act, 4,686 loans were approved for \$508.9 million in 1980-81, a decrease of \$119.6 million from 1979-80. The number of loans approved was 1,012 fewer than last year, representing an 18 per cent reduction. The average loan size was \$108,587, compared to \$110,298 in 1979-80. This decrease was due to selective lending made necessary by the lack of capital to meet the demand for FCC loans, and to a policy change which has led to a decrease in the refinancing of FCC loans.

Of the 4,686 loans approved during the year, three per cent were beginning farmer loans made under Section 33 of the Farm Credit Act. This program allows borrowers under 35 years of age to maintain full-time off-farm employment while phasing into farming within a five-year period.

Activités sous le régime de la Loi sur le crédit agricole

Approbations de prêts

Les activités de prêts de la Société ont ralenti au cours de l'exercice terminé le 31 mars 1981 car plusieurs facteurs ont réduit ses disponibilités pour fins de prêt, notamment les fonds moindres consentis par le gouvernement fédéral et une baisse des sommes remboursées par les cultivateurs. La Société a approuvé 4,686 prêts pour \$508.9 millions en 1980-1981 sous le régime de la Loi sur le crédit agricole, soit un recul de \$119.6 millions par rapport à 1979-1980. Le nombre de prêts approuvés s'élevait à 1,012 ou 18 pour cent de moins que dans l'année précédente. Le prêt moyen s'établissait à \$108,587 comparativement à \$110,298 en 1979-1980. Le manque de fonds pour fins de prêt a obligé la Société à appliquer plus rigoureusement ses critères de sélection, ce qui a conduit à cette baisse du prêt moyen. Une autre cause en serait la nouvelle méthode d'administration introduite par la SCA qui a permis de diminuer les sommes affectées au refinancement des prêts actifs.

Des 4,686 prêts approuvés au cours de l'exercice, trois pour cent ont été consentis à des cultivateurs débutants en vertu de l'Article 33 de la Loi sur le crédit agricole. Ce programme permet aux emprunteurs âgés de moins de 35 ans de conserver un emploi à plein temps à l'extérieur de la ferme tout en s'établissant progressivement en agriculture sur une période de cinq ans.

Highlights

Faits saillants

	1979-80	1980-81
Number of loans approved Nombre de prêts approuvés	5,698	4,686
Amount of loans approved Montant des prêts approuvés	\$628,479,500	\$508,885,200
Average amount of loans approved Moyenne des prêts approuvés	\$110,298	\$108,587
Amount of loans disbursed Montant des prêts déboursés	\$610,092,651	\$498,706,640
Number of loans outstanding Nombre de prêts aux livres	71,047	71,163
Principal amount outstanding Somme du principal prêté	\$3,037,586,786	\$3,301,020,618
Loans in good standing Remboursements satisfaisants	93.2%	93.0%

Purposes for Which Loans
were Approved During
Last Five YearsTableau de l'emploi des
fonds empruntés durant
les cinq dernières années

	76-77	77-78	78-79	79-80	80-81
	Per cent/En pourcentage				
Additional Land Terres additionnelles	38.7	31.8	30.4	29.8	27.9
New Units Nouvelles unités	32.8	29.2	29.1	29.8	24.4
Permanent improvements Améliorations permanentes	15.0	15.8	20.2	19.3	16.5
Land Secured Debts Dettes hypothécaires	5.2	9.4	8.1	9.2	12.3
Other debts Autres dettes	4.5	7.3	6.1	6.8	12.0
Equipment Équipement	1.4	2.1	2.2	1.7	2.3
Livestock Bétail	1.1	1.5	1.6	1.2	2.2
Miscellaneous Divers	1.3	2.9	2.3	2.2	2.4

(New units include funds borrowed for all purposes)

(« Nouvelles unités » inclut les fonds empruntés pour toutes fins)



Use of Funds

Of the \$508.9 million approved in loans, 22.8 per cent (25.7 per cent in 1979-80), or about \$115.9 million was approved to refinance FCC loans. The remaining \$393.0 million was approved for the purposes shown in the table.

The largest percentage change occurred in consolidating debts of other creditors. Loans used to repay land secured debts increased from 9.2 per cent to 12.3 per cent of total funds while payment of other debts, which includes all debt consolidation except land debt, increased from 6.8 per cent to 12.0 per cent. The only year that the Corporation extended a greater percentage of funds for payment of other debts was in 1970-71 when 14.5 per cent of new loan funds were approved for this purpose.

Age of Borrowers

Loans to assist persons under 35 years of age continue to account for the greatest percentage of the Corporation's loans. In 1980-81, 70 per cent of FCC loans were to borrowers in this category. This compares to the 1976 census which reported that only 19.2 per cent of all farmers were under 35 years of age.

Life Insurance

Approximately 82 per cent of the loans disbursed during 1980-81 had life insurance under the Corporation's group plan. The Farm Credit Act requires compulsory life insurance for borrowers under 45 years of age on the amount of their loan plus any prior mortgage that exceeds 75 per cent of the market value of land security. Voluntary mortgage life insurance is also offered on all new loans as a service to borrowers.

During the 1980-81 fiscal year, 117 insurance claims were processed which resulted in \$3,079,995 of indemnities credited to loans.

During the past year the Corporation negotiated a contract with a new group insurer. The new life insurance program came into effect April 1, 1981 and offers several advantages to new borrowers, including a rate structure which is 30 per cent less than the previous rates. The maximum amount of voluntary insurance without evidence of insurability has increased from \$80,000 to \$200,000 for borrowers at age 35, and coverage for other age groups also increased proportionately.

Utilisation des fonds

Au cours de l'exercice, la Société a prêté \$508.9 millions, et de ce montant, 22.8 pour cent (25.7 pour cent en 1979-1980), ou environ \$115.9 millions ont été approuvés en vue de refinancer des prêts SCA actifs. Le solde de \$393.0 millions a été approuvé pour les fins indiquées au tableau.

En termes de pourcentage, la plus forte progression s'est manifestée dans la consolidation de dettes auprès d'autres prêteurs. En effet, les prêts affectés au remboursement de dettes hypothécaires sont passés de 9.2 pour cent à 12.3 pour cent de tous les fonds, tandis que ceux servant au remboursement de dettes autres qu'hypothécaires, sont passés de 6.8 à 12.0 pour cent. Le remboursement d'autres dettes a été plus élevé en une seule occasion, soit en 1970-1971, alors que 14.5 pour cent des nouveaux fonds étaient approuvés à cette fin.

Âge des emprunteurs

La Société continue de prêter une plus forte proportion de ses fonds aux personnes âgées de moins de 35 ans. En 1980-1981, 70 pour cent de ses prêts ont été consentis aux emprunteurs de ce groupe. À titre de comparaison, seulement 19.2 pour cent de tous les emprunteurs faisaient partie de ce groupe d'âge lors du recensement de 1976.

Assurance-vie

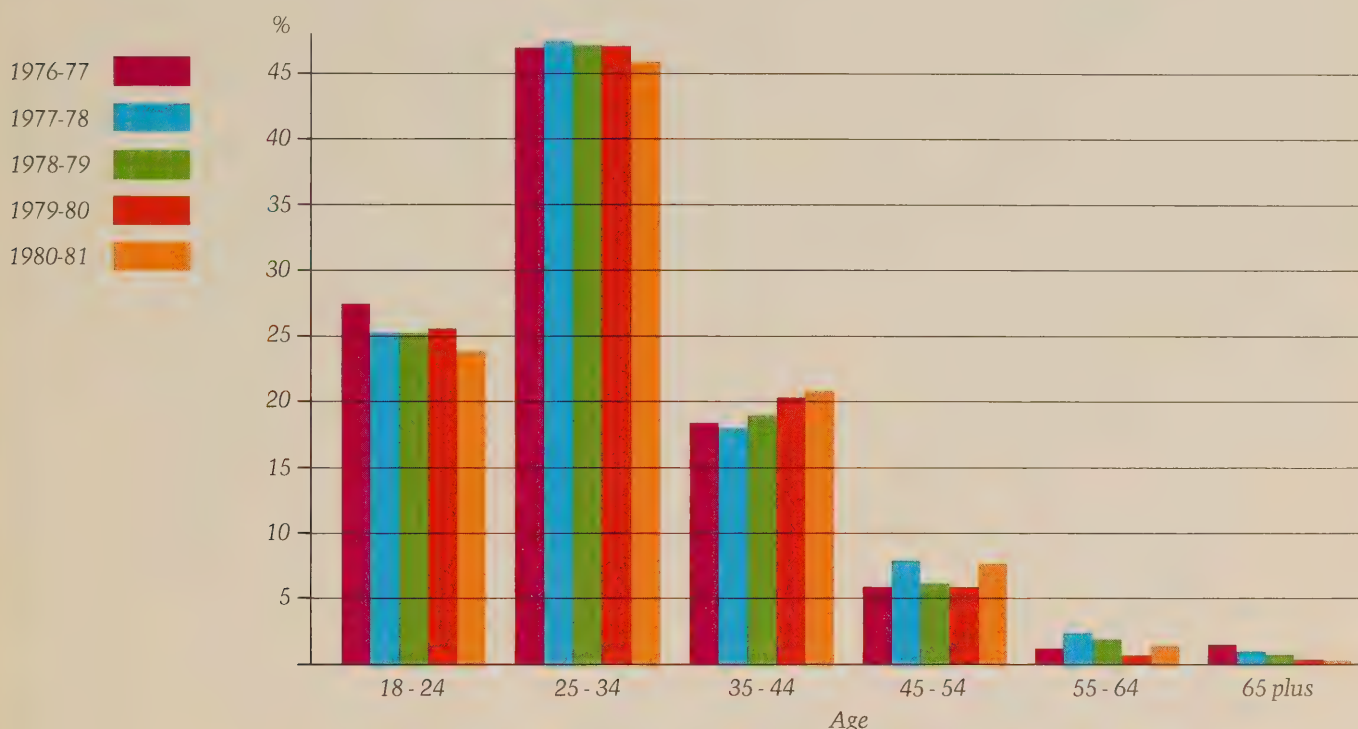
Environ 82 pour cent des prêts déboursés en 1980-1981 comportent une police d'assurance-vie souscrite en vertu du régime collectif de la Société. La Loi sur le crédit agricole oblige les emprunteurs âgés de moins de 45 ans à souscrire une police d'assurance-vie sur la partie du prêt qui, ajoutée à toute hypothèque prioritaire, excède 75 pour cent de la valeur de la garantie immobilière. La Société offre également ce régime d'assurance-vie facultativement aux cultivateurs qui contractent un nouvel emprunt.

Au cours de l'exercice 1980-1981, 117 demandes d'indemnité ont été présentées et elles ont donné lieu à des versements de \$3,079,995 au crédit des prêts.

Au cours de l'exercice terminé, la Société a négocié avec un nouvel assureur un contrat collectif d'assurance qui est entré en vigueur le 1^{er} avril 1981 et qui offre plusieurs avantages aux emprunteurs, y compris des tarifs qui sont d'environ 30 pour cent inférieurs aux tarifs précédents. Le montant maximal qui peut être souscrit au titre d'assurance facultative sans preuve d'assurabilité, est passé de \$80,000 à \$200,000 pour les emprunteurs de 35 ans, et la couverture relative aux autres groupes d'âge a été augmentée proportionnellement.

Percentage Age Distribution of F.C.A. Borrowers

Répartition selon l'âge des emprunteurs L.C.A.



Farm Financial Management

The Corporation has always been aware that the productivity of credit is directly related to the managerial ability of the borrower. Solid financial management on the farm has never been more important than in recent years of high agricultural investment costs and high interest rates.

Advisory services are provided by the Corporation on a voluntary basis to new borrowers or existing borrowers who request such assistance. The purpose of advisory services is to provide organization, planning and financial counselling to help farm families achieve their economic and personal objectives. As of March 31, 1981 some 2,742 borrowers were using the Corporation's advisory services program.

The Corporation's staff also liaises with other federal and provincial agencies, and will provide referrals to these agencies when appropriate to complete the advisory service role.

The Corporation is committed to providing every opportunity for a borrower to achieve his or her goals, through sound lending and advisory services.

Gestion financière agricole

La Société a toujours reconnu que la productivité du crédit est directement reliée à la capacité gestionnaire de l'emprunteur. Une solide gestion financière n'a jamais été aussi importante en agriculture qu'au cours des récentes années alors que les investissements ont continué de progresser et que les taux d'intérêt ont atteint un sommet.

La Société offre un service consultatif volontaire aux nouveaux emprunteurs ainsi qu'aux emprunteurs actifs qui en font la demande. L'objectif de ce service est d'offrir des conseils en matière d'organisation, de planification et de finances aux familles agricoles afin de les aider à atteindre leurs objectifs économiques et personnels. Au 31 mars 1981, quelque 2,742 emprunteurs participaient au programme de services consultatifs de la Société.

Le personnel de la Société maintient des rapports avec les autres organismes fédéraux et provinciaux et leur adresse certains cas lorsque les circonstances s'y prêtent dans le cadre de ses services consultatifs.

La Société s'est engagée à offrir à ses emprunteurs des services consultatifs et de crédit qui leur assurent le maximum de possibilités d'atteindre leurs objectifs.



Farm Survey

The Corporation carried out a Farm Financial Survey this year with assistance in methodology from Statistics Canada. Approximately 5,000 farmers from all parts of Canada were interviewed by FCC field staff to obtain financial details of their farming enterprises. An analysis of the data later this year will assist the Corporation in determining the debt structures and credit requirements of Canadian farms, and will be valuable in assessing the Corporation's contribution to the agricultural industry.

Repayment by Borrowers

As of March 31, 1981 the Corporation was carrying a greater dollar amount of arrears due to a slight deterioration in repayment of mortgage accounts. Some borrowers in the livestock industry and those on the Prairies who had poor crop conditions experienced difficulty in meeting payments. Total payments made in 1980-81 were 91.3 per cent of the amount due compared with 92.2 per cent for the previous year.

The percentage of loan accounts in good standing (less than \$500 in arrears) under the Farm Credit Act is 93.0 per cent as of March 31, 1981 compared to 93.2 per cent at the same date in 1980.

The total principal due during the year amounted to \$75.2 million of which \$67.2 million or 89.4 per cent was paid. Interest due during the year was \$279.1 million with \$256.4 million or 91.9 per cent being paid. In addition, \$52.2 million was paid on principal not due.

The financial difficulties encountered by many farmers during the past year have not resulted in a noticeable increase in the number of accounts in arrears. However the dollar amount of arrears has increased slightly.

Sondage agricole

La Société a effectué un sondage sur le financement de l'entreprise agricole cette année avec le soutien méthodologique de Statistique Canada. Le personnel de campagne de la SCA a communiqué avec quelque 5,000 cultivateurs à travers le Canada afin de recueillir des renseignements d'ordre financier sur leur exploitation agricole. L'analyse que la Société en fera ultérieurement cette année devrait l'aider à identifier la structure des dettes et les besoins en crédit des cultivateurs canadiens. La Société s'en inspirera aussi pour évaluer sa contribution à l'industrie agricole.

Remboursement par les emprunteurs

Au 31 mars 1981, le montant des arrérages était plus élevé, en raison d'une légère détérioration dans les remboursements hypothécaires. Certains éleveurs de bovins et de porcs ont éprouvé de la difficulté à faire leurs paiements. Il en a été de même pour les céréaliculteurs des Prairies dont les récoltes avaient été touchées par les intempéries. En dépit de ces difficultés, 91.3 pour cent des sommes échues ont été versées en 1980-1981 comparativement à 92.2 pour cent l'an dernier.

Le pourcentage des comptes en règle (incluant ceux en arrérages de moins de \$500) était à 93.0 pour cent au 31 mars 1981 sous le régime de la Loi sur le crédit agricole, comparativement à 93.2 pour cent à la même date en 1980.

Le principal échu au cours de l'exercice s'élevait à \$75.2 millions et, de ce montant, \$67.2 millions ou 89.4 pour cent ont été payés. L'intérêt échu a atteint \$279.1 millions et 91.9 pour cent de ce montant a été payé, soit \$256.4 millions. De plus, les agriculteurs ont versé \$52.2 millions par anticipation sur le principal non échu.

Les difficultés financières qu'ont éprouvées bon nombre de cultivateurs au cours du dernier exercice n'ont pas donné lieu à une augmentation appréciable du nombre de comptes en arrérages. Toutefois, le montant des arrérages a légèrement augmenté.



Real Property and Losses on Loans

At the beginning of the 1980-81 fiscal year, the Corporation held title to eight farm properties with an inventory value of \$440,774. During the year, 28 properties were acquired and 10 were sold, leaving 26 properties on hand at the end of the year with an inventory value of \$1,946,693.

The net losses on loans including the write-down of the properties on hand amounted to \$1,537,929 compared to net losses of \$888,134 in 1979-80. This represents 0.04 per cent of the total of loans outstanding as of March 31, 1981.

Biens immobiliers et pertes sur les prêts

Au début de l'exercice de 1980-1981, la Société détenait les titres de huit propriétés agricoles dont la valeur à l'inventaire se chiffrait à \$440,774. Au cours de l'exercice, elle est devenue propriétaire de 28 propriétés et en a vendu 10 autres. À la fin de l'exercice, elle détenait encore 26 propriétés dont la valeur à l'inventaire se chiffrait à \$1,946,693.

La perte nette sur les prêts, y compris la diminution de la valeur aux livres des propriétés détenues, s'élevait à \$1,537,929 comparativement à des pertes nettes de \$888,134 en 1979-1980. Ceci représente 0.04 pour cent du montant total des prêts actifs en date du 31 mars 1981.



Operations under the Farm Syndicates Credit Act

The Farm Syndicates Credit Act provides financial assistance to farmers who wish to act cooperatively in overcoming the high cost of individual ownership of machinery, buildings and installed equipment. A syndicate is a group of three or more individuals, the majority of whom has farming as a principal occupation. Loans can be approved to a maximum of \$100,000 or \$15,000 per qualifying member, whichever is the lesser.

There were 169 syndicate loans approved in 1980-81 for \$4,774,111 compared to 167 loans totalling \$4,661,886 in 1979-80. Since this act came into force in December 1964 it has provided loans to 5,974 farmers. These farmers have formed 1,570 syndicates and have borrowed a total of \$42,603,084.

At the end of the fiscal year 93.1 per cent of syndicate accounts were in good standing as compared to 92.6 per cent last year at the same date.



Opérations sous le régime de la Loi sur le crédit aux syndicats agricoles

La Loi sur le crédit aux syndicats agricoles permet aux cultivateurs qui veulent mettre leurs ressources en commun d'emprunter afin de faire échec au coût élevé que représente la possession, par une seule personne, de machines, de bâtiments et d'installations fixes. Un syndicat est un groupe formé de trois cultivateurs ou plus, dont la majorité est principalement occupée en agriculture. Le prêt maximal est de \$100,000 par syndicat ou de \$15,000 par membre admissible, en prenant le montant le moins élevé.

En 1980-1981, la Société a approuvé 169 prêts de syndicats totalisant \$4,774,111, comparativement à 167 prêts totalisant \$4,661,886 en 1979-1980. Depuis l'adoption de cette loi en décembre 1964, elle a prêté \$42,603,084 à 5,974 cultivateurs appartenant à 1,570 syndicats.

À la fin de l'exercice, 93,1 pour cent de tous les comptes de syndicats étaient en règle, comparativement à 92,6 pour cent à la même date l'an dernier.

Loans approved during the past three years

Prêts approuvés au cours des trois dernières années

Farm Credit Act

Loi sur le crédit agricole

	1978-79		1979-80		1980-81		Cumulative Cumulatif 1978-1981	
	Number Nombre	Amount (\$) Montant (\$)	Number Nombre	Amount (\$) Montant (\$)	Number Nombre	Amount (\$) Montant (\$)	Number Nombre	Amount (\$) Montant (\$)
B.C./C.-B.	98	11,509,400	154	18,358,800	175	21,597,900	427	51,466,100
Alberta	824	75,133,550	948	99,782,300	640	71,739,700	2,412	246,655,550
Saskatchewan	1,330	111,583,700	1,570	149,632,100	1,346	128,456,300	4,246	389,672,100
Manitoba	647	52,570,400	567	57,951,500	470	47,052,500	1,684	157,574,400
Ontario	1,321	150,216,600	1,326	171,462,200	1,084	138,308,400	3,731	459,987,200
Québec	1,022	98,963,000	926	111,940,600	742	80,961,400	2,690	291,865,000
N.B./N.-B.	93	8,383,400	94	9,399,500	100	9,001,300	287	26,784,200
N.S./N.-É.	14	1,541,400	25	2,283,800	7	1,052,000	46	4,877,200
P.E.I./Î.-P.-É.	66	3,972,800	73	5,663,500	108	9,008,500	247	18,644,800
Nfld./T.-N.	8	923,400	15	2,005,200	14	1,707,200	37	4,635,800
Canada	5,423	514,797,650	5,698	628,479,500	4,686	508,885,200	15,807	1,652,162,350

Farm Syndicates Credit Act

Loi sur le crédit aux syndicats agricoles

	1978-79		1979-80		1980-81		Cumulative Cumulatif 1978-1981	
	Number Nombre	Amount (\$) Montant (\$)	Number Nombre	Amount (\$) Montant (\$)	Number Nombre	Amount (\$) Montant (\$)	Number Nombre	Amount (\$) Montant (\$)
B.C./C.-B.	4	66,956	1	10,928	1	54,960	6	132,844
Alberta	32	837,435	21	637,499	26	539,126	79	2,014,060
Saskatchewan	15	453,807	14	362,636	9	303,234	38	1,119,677
Manitoba	48	970,615	53	1,201,214	34	642,432	135	2,814,261
Ontario	34	852,108	37	1,232,484	34	979,491	105	3,064,083
Québec	17	408,990	39	1,141,225	63	2,163,568	119	3,713,783
N.B./N.-B.	0	0	1	15,900	0	0	1	15,900
N.S./N.-É.	0	0	1	60,000	1	12,000	2	72,000
P.E.I./Î.-P.-É.	0	0	0	0	0	0	0	0
Nfld./T.-N.	0	0	0	0	1	79,300	1	79,300
Canada	150	3,589,911	167	4,661,886	169	4,774,111	486	13,025,908

Financial Operations

Financing

Farm Credit Corporation is classified as a Schedule D proprietary Crown corporation under the Financial Administration Act and is designated as a Lending Crown corporation in the Public Accounts of Canada. Under its governing legislation, the Corporation obtains all of its contributed and debt capital from Canada through the Consolidated Revenue Fund.

Consistent with its classification, the Corporation is intended to be self-sufficient and is expected to generate sufficient funds to conduct its operations without appropriations and to repay its loans from Canada.

In addition to being self-sufficient, the Corporation is also endeavoring to earn over time, a return on contributed capital equivalent to its cost of borrowing. This objective was adopted as a result of the introduction of the Guidelines for the Financing of Crown Corporations by the Comptroller-General of Canada in September 1980.

Results of Operations

The Corporation's net income for 1980-81 was \$4,151,477 compared to \$3,256,487 in 1979-80. The net income for the year has been credited to retained earnings increasing the balance to \$9,002,821 as of March 31, 1981. Under the provisions of section 15 of the Farm Credit Act the Corporation may retain its net earnings up to the amount of its capital.

The Corporation earned its first net income since 1959-60 in 1977-78. During the intervening years it incurred losses on its operations due primarily to the lack of sufficient interest margin on loans made under the Farm Credit Act from 1959 to 1968. However, because of the one per cent interest margin introduced in 1968, and the large lending volume in recent years, the average interest margin on all loans has grown steadily. In 1980-81 the interest margin was .92 per cent of the mean principal outstanding on loans to farmers and farm syndicates and on agreements for sale, compared to .83 per cent in 1979-80. As illustrated under the Selected Indicators, the return on contributed capital for 1980-81 is 3.33 per cent compared to the average cost of borrowings of 8.18 per cent, leaving a deficiency of 4.85 per cent. The Corporation is projecting continued improvement in its interest margin which is the most important of the factors bearing on the achievement of its earnings objective.

Although net income was earned during the year, there was a \$12.1 million net outflow of funds from operations. This cash deficit is the result of the excess of the cash outflow of interest and administrative expenses over the cash inflow of interest and other revenues. The State-

Opérations financières

Financement

La Société du crédit agricole est classée à l'Annexe D de la Loi sur l'administration financière à titre de corporation de propriétaire. On la désigne sous le nom d'institution prêteuse de la Couronne dans les comptes publics du Canada. À ce titre et conformément à la Loi qui la régit, elle obtient son capital d'apport et son capital d'emprunt du Canada à même le Fonds du revenu consolidé.

Compte tenu de sa classification, il est prévu qu'elle devienne auto-suffisante et qu'elle génère des fonds suffisants pour mener ses opérations sans crédits budgétaires et pour rembourser ses emprunts au Canada.

En plus d'être auto-suffisante, la Société s'efforce d'obtenir de son capital d'apport un rendement suffisant pour couvrir ses coûts d'emprunt. Cet objectif a été adopté par suite de l'introduction des Lignes directrices pour le financement des sociétés de la Couronne par le Contrôleur général du Canada en septembre 1980.

Résultats d'exploitation

Le bénéfice net de la Société s'est établi à \$4,151,477 en 1980-1981, comparativement à \$3,256,487 en 1979-1980. Il a été versé au compte des bénéfices non répartis, en portant le solde à \$9,002,821 au 31 mars 1981. Les dispositions de l'Article 15 de la Loi sur le crédit agricole autorisent la Société à conserver ses bénéfices nets jusqu'à concurrence du montant de son capital.

En 1977-1978, la Société enregistrait son premier bénéfice net depuis son institution en 1959-1960. Entre ces deux exercices, elle a encaissé des pertes d'exploitation principalement parce que la marge d'intérêt qui lui était consentie avant 1968 sur ses prêts en vertu de la Loi sur le crédit agricole était insuffisante. Toutefois, l'introduction d'une marge d'intérêt d'un pour cent en 1968 ainsi que l'augmentation du volume de crédit enregistrée au cours des récentes années, ont fait augmenter constamment la marge moyenne d'intérêt sur l'ensemble des prêts. En 1980-1981, cette marge d'intérêt s'établissait à .92 pour cent du principal moyen en cours sur le crédit aux cultivateurs, aux syndicats agricoles et en vertu des conventions de vente comparativement à .83 pour cent en 1979-1980. Comme illustré par les indicateurs choisis, la Société a obtenu de son capital d'apport un rendement de 3.33 pour cent en 1980-1981, comparativement à un coût moyen d'emprunt de 8.18 pour cent, ce qui représente une déficience de 4.85 pour cent. La Société projette de continuer à améliorer sa marge d'intérêt, puisque celle-ci représente le facteur le plus important pour la réalisation de ses objectifs de profit.

Même si la Société a réalisé un bénéfice net au cours de l'exercice, ses opérations ont engendré une sortie nette de fonds de \$12.1 millions. Ce déficit de caisse est attribuable à l'excédent des sorties monétaires sous forme d'intérêt et de dépenses administratives par rapport aux

Selected Indicators of Farm Credit Corporation Canada's Financial Position

Indicateurs de la situation financière de la Société du crédit agricole Canada

	1976-77	1977-78	1978-79	1979-80	1980-81
Debt to Equity Ratio (Long-term debt ÷ Equity) Ratio du passif à l'avoir (passif à long terme ÷ avoir net)	26.23:1	25.87:1	25.26:1	24.65:1	24.03:1
Asset Coverage Ratio (Net tangible assets ÷ Long-term debt) Ratio de couverture de l'actif (actif corporel net ÷ passif à long terme)	1.04:1	1.04:1	1.04:1	1.04:1	1.05:1
Interest Coverage Ratio (Total income less operating expenses ÷ Interest expense) Ratio de couverture de l'intérêt (revenu total moins dépenses d'exploitation ÷ dépenses en intérêt)	.987:1	1.006:1	1.013:1	1.027:1	1.030:1
Profit Margin (Net income after taxes ÷ Revenues) Marge bénéficiaire (bénéfice net après impôts ÷ revenus)	(.54%)	.28%	.66%	1.33%	1.44%
Return on Equity (Net income after taxes ÷ Average equity) Rendement de l'avoir net (bénéfice net après impôts ÷ avoir net moyen)	(1.06%)	.56%	1.37%	2.79%	3.16%
Return on Contributed Capital (Net income after taxes ÷ Average contributed capital) Rendement sur capital souscrit (bénéfices nets après impôts ÷ capital contribué souscrit)	(1.08%)	.55%	1.38%	2.87%	3.33%
Cost of Borrowing (Interest expense ÷ Average loans from Canada) Coût d'emprunt (frais d'intérêt ÷ prêts moyens auprès du Canada)	7.00%	7.18%	7.45%	7.70%	8.18%

ment of Changes in Financial Position details these factors, as well as the source and application of all the funds which passed through the Corporation's accounts during the year.

Repayment by Borrowers

During the year the Corporation received \$126.9 million in loan repayments from borrowers. This amount includes the repayment and prepayment of principal amounting to \$123.7 million, and the \$3.2 million increase in the amount held on behalf of borrowers for the payment of future instalments.

Capital and Loans from Canada

Under section 12 of the Farm Credit Act, Canada contributed \$10.4 million in capital, raising the total capital paid in to \$129.7 million as at March 31, 1981.

During the year the Corporation increased its loans outstanding from the Minister of Finance by \$259.9 million. Under the Farm Credit Act, the Corporation borrowed \$393.3 million, and repaid \$135.0 million on existing loans. Under the Farm Syndicates Credit Act, \$5.3 million was borrowed and \$3.3 million was repaid, and under the Small Farm Development Program \$0.4 million was repaid.

rentrées de fonds sous forme d'intérêt et d'autres revenus. L'état de l'évolution de la situation financière expose ces mouvements plus en détail. Il décrit aussi la provenance et l'affectation de tous les fonds qui ont circulé dans les comptes de la Société au cours de l'exercice.

Remboursements versés par les emprunteurs

Au cours de l'exercice, la Société a reçu des remboursements de prêts totalisant \$126.9 millions des emprunteurs. Ce montant inclut les paiements échus et les paiements de principal par anticipation qui s'élevaient à \$123.7 millions ainsi qu'une augmentation de \$3.2 millions dans le montant détenu pour le compte des emprunteurs afin de les utiliser pour faire les versements futurs.

Capital et emprunts du Canada

Le Canada a versé \$10.4 millions en capital à la Société en vertu de l'Article 12 de la Loi sur le crédit agricole, ce qui portait le capital versé à \$129.7 millions au 31 mars 1981.

Au cours de l'exercice, les emprunts détenus par la Société auprès du ministre des Finances ont augmenté de \$259.9 millions. La Société a emprunté \$393.3 millions en vertu de la Loi sur le crédit agricole et a remboursé \$135.0 millions sur ses prêts actifs. Elle a emprunté \$5.3 millions en vertu de la Loi sur le crédit aux syndicats agricoles et a remboursé \$3.3 millions. Elle a remboursé \$0.4 million en vertu du Programme de développement des petites fermes.

Outstanding Borrowings from the Minister of Finance

as at March 31, 1981

<i>Farm Credit Act</i>	<i>Loi sur le crédit agricole</i>	
Year Drawn Emprunté en	Amount Outstanding Montant impayé (\$)	Interest Rate Taux d'intérêt (%)
1956-1957	293,111 603,663	3.5 4
1957-1958	1,256,973 1,174,028	4.125 4.375
1958-1959	2,323,567 2,733,913	4 4.5
1959-1960	4,147,025 5,118,135	5 5.75
1960-61 *	9,003,321	5
1964-1965	27,359,193 12,192,065	5.375 5.25
1965-1966	29,226,725 15,715,442 13,886,038	5.25 5.375 5.625
1966-1967	14,808,241 40,525,856 24,458,563	5.75 5.875 6
1967-1968	6,280,372 8,847,594 8,759,071 5,673,368	5.3125 6.125 6.375 6.875
1968-1969	3,512,062 96,817,610	6.6875 6.75
1969-1970	51,487,953 40,021,608	7 7.75
1970-1971	47,151,213 29,133,376	7.75 7.5
1971-1972	45,771,243 24,171,502	6.75 6.5
1972-1973	83,620,094	6
1973-1974	180,457,431	6
1974-1975	128,900,460 115,415,786	7.25 8.25
1975-1976	159,400,347 152,755,852	7.5 8
1976-1977	190,710,705 130,713,223	8.75 9
1977-1978	357,973,931	8.25
1978-1979	219,276,174 130,946,124	8.5 9
1979-1980	410,268,614	9.75
1980-1981	227,800,000 165,500,000	12 11.75
	3,226,191,572	
Accrued Interest Intérêt couru	82,515,557	
	3,308,707,129	

Emprunts à rembourser au Ministre des Finances

au 31 mars 1981

<i>Farm Syndicates Credit Act</i>	<i>Loi sur le crédit aux syndicats agricoles</i>	
Year Drawn Emprunté en	Amount Outstanding Montant impayé (\$)	Interest Rate Taux d'intérêt (%)
1975-1976	240,000 180,000	7 7.75
1976-1977	630,000	8.5
1977-1978	450,000 600,000	8 7.75
1978-1979	1,260,000 1,190,000	8 8.75
1979-1980	1,800,000 2,340,000	9.75 10.00
1980-1981	3,694,763 1,600,000	12.25 11.75
	13,984,763	
Accrued Interest Intérêt couru	560,933	
	14,545,696	

<i>Small Farm Development Program</i>	<i>Programme de développement des petites fermes</i>	
1972-1973	376,667	6
1973-1974	3,567,919	6
1974-1975	2,120,073 1,291,968	7.25 8.25
1975-1976	706,484 533,179	7.5 8
1976-1977	258,466 203,517	8.75 9
	9,058,273	
Accrued Interest Intérêt couru	154,479	
	9,212,752	
Total	3,332,465,577	

*Borrowings for the years 1961-62 to 1963-64 were for short terms and have already been repaid.

*Les emprunts contractés au cours des exercices 1961-1962 à 1963-1964 étaient à court terme et ont déjà été remboursés.

Loans Disbursed**Prêts déboursés****to March 31, 1981****au 31 mars 1981**Farm Credit Act
(including the Canadian Farm Loan Act)Loi sur le crédit agricole
(inclut le régime de la Loi sur le prêt agricole canadien)

	January 1929- March 31, 1980				Total to March 31, 1981	
	janvier 1929- 31 mars 1980				Total au 31 mars 1981	
	Number Nombre	Amount (\$) Montant (\$)	Number Nombre	Amount (\$) Montant (\$)	Number Nombre	Amount (\$) Montant (\$)
British Columbia/Colombie-Britannique	8,419	212,600,967	155	18,763,489	8,574	231,364,456
Alberta	41,339	1,017,953,775	608	70,298,472	41,947	1,088,252,247
Saskatchewan	55,287	1,357,304,466	1,330	128,260,817	56,617	1,485,565,283
Manitoba	19,452	460,124,407	470	48,382,966	19,922	508,507,373
Ontario	42,890	1,391,836,561	1,024	133,015,015	43,914	1,524,851,576
Québec	27,878	774,352,373	704	79,263,009	28,582	853,615,382
New Brunswick/Nouveau-Brunswick	3,457	60,069,914	100	8,914,024	3,557	68,983,938
Nova Scotia/Nouvelle-Écosse	2,310	21,670,767	13	1,457,412	2,323	23,128,179
Prince Edward Island/Île-du-Prince-Édouard	3,951	52,502,216	107	8,714,215	4,058	61,216,431
Newfoundland/Terre-Neuve	162	9,552,897	14	1,637,221	176	11,190,118
Canada	205,145	5,357,968,343	4,525	498,706,640	209,670	5,856,674,983

Farm Syndicates Credit Act

Loi sur le crédit aux syndicats agricoles

	December 1964- March 31, 1980				Total to March 31, 1981	
	décembre 1964- 31 mars 1980				Total au 31 mars 1981	
	Number Nombre	Amount (\$) Montant (\$)	Number Nombre	Amount (\$) Montant (\$)	Number Nombre	Amount (\$) Montant (\$)
British Columbia/Colombie-Britannique	42	690,028	1	18,123	43	708,151
Alberta	703	9,340,590	27	564,286	730	9,904,876
Saskatchewan	151	1,873,463	11	382,849	162	2,256,312
Manitoba	436	7,283,542	41	857,146	477	8,140,688
Ontario	518	9,998,738	35	1,064,803	553	11,063,541
Québec	381	6,023,984	59	2,162,271	440	8,186,255
New Brunswick/Nouveau-Brunswick	10	184,582	1	15,900	11	200,482
Nova Scotia/Nouvelle-Écosse	14	190,807	1	12,000	15	202,807
Prince Edward Island/Île-du-Prince-Édouard	24	416,030	—	—	24	416,030
Newfoundland/Terre-Neuve	2	79,000	1	79,300	3	158,300
Canada	2,281	36,080,764	177	5,156,678	2,458	41,237,442

Accounts Outstanding**as at March 31, 1981****Comptes arrêtés****au 31 mars 1981**

				Principal	
	Number	Due	Not Due	Total (\$)	D
F.C.A. Loans	Nombre	Échu (\$)	Non Échu (\$)		Échu
British Columbia	2,265	189,408	111,250,841	111,440,249	533,
Alberta	14,838	2,104,615	592,428,510	594,533,125	4,544,
Saskatchewan	20,907	1,709,498	874,976,822	876,686,320	5,068,
Manitoba	7,135	655,927	305,619,217	306,275,144	2,771,
Ontario	16,742	1,694,471	915,793,109	917,487,580	5,937,
Quebec	7,442	1,236,787	412,350,615	413,587,402	2,871,
New Brunswick	743	136,213	36,864,813	37,001,026	295,
Nova Scotia	181	39,906	7,161,019	7,200,925	82,
Prince Edward Island	831	63,420	30,477,292	30,540,712	266,
Newfoundland	79	83,228	6,184,907	6,268,135	124,
Canada	71,163	7,913,473	3,293,107,145	3,301,020,618	22,491,
F.S.C.A. Loans					
British Columbia	10	1,729	149,449	151,178	
Alberta	139	74,214	1,983,099	2,057,313	10,
Saskatchewan	50	9,732	944,348	954,080	
Manitoba	200	53,812	2,800,463	2,854,275	11,
Ontario	221	42,878	3,482,134	3,525,012	12,
Quebec	192	38,535	3,996,208	4,034,743	10,
New Brunswick	5	16,390	85,292	101,682	3,
Nova Scotia	3	—	80,784	80,784	
Prince Edward Island	10	18,009	97,263	115,272	7,
Newfoundland	3	16	135,268	135,284	
Canada	833	255,315	13,754,308	14,009,623	57,
F.C.A. Agreements for Sale					
British Columbia	7	24	175,805	175,829	
Alberta	22	15,743	529,806	545,549	26,
Saskatchewan	3	528	138,715	139,243	10,
Manitoba	6	3	334,361	334,364	
Ontario	97	10,492	4,696,763	4,707,255	61,
Quebec	25	10,320	509,274	519,594	8,
New Brunswick	4	2,153	34,137	36,290	
Nova Scotia	2	—	88,069	88,069	
Prince Edward Island	2	7,383	180,564	187,947	13,
Newfoundland	2	2,903	107,976	110,879	3,
Canada	170	49,549	6,795,470	6,845,019	123,
S.F.D.P. Agreements for Sale					
British Columbia	5	—	72,052	72,052	
Alberta	164	16,967	2,205,842	2,222,809	15,
Saskatchewan	204	19,862	3,303,294	3,323,156	42,
Manitoba	85	4,519	1,341,630	1,346,149	9,
Ontario	10	25	129,180	129,205	
Quebec	9	1,260	79,013	80,273	
New Brunswick	6	—	72,861	72,861	
Nova Scotia	5	795	43,086	43,881	5,
Prince Edward Island	9	1,122	97,174	98,296	1
Newfoundland	—	—	—	—	
Canada	497	44,550	7,344,132	7,388,682	73
TOTAL	72,663	8,262,887	3,321,001,055	3,329,263,942	22,744

Interest/Intérêt					
Not Due à Échu (\$)	Total (\$)	Other Charges Autres frais (\$)	Instalment Prepayments Versements anticipés (\$)	Net Total Total net (\$)	Prêts L.C.A.
4,618,224	5,151,964	6,096	(2,010,570)	114,587,739	Colombie-Britannique
33,623,144	38,163,284	66,960	(4,746,551)	628,016,818	Alberta
50,678,885	55,747,470	72,909	(4,571,592)	927,935,107	Saskatchewan
13,975,555	16,746,749	43,902	(2,213,019)	320,852,776	Manitoba
32,284,208	38,222,075	159,994	(10,174,913)	945,694,736	Ontario
15,640,724	18,511,833	141,180	(1,368,242)	430,872,173	Québec
1,553,846	1,849,153	13,753	(363,236)	38,500,696	Nouveau-Brunswick
229,798	312,062	4,647	(97,373)	7,420,261	Nouvelle-Écosse
1,321,958	1,588,247	18,250	(290,201)	31,857,008	Île-du-Prince-Édouard
214,969	339,630	3,244	(94,077)	6,516,932	Terre-Neuve
54,141,311	176,632,467	530,935	(25,929,774)	3,452,254,246	Canada
Prêts L.C.S.A.					
5,211	5,301	—	(1,326)	155,153	Colombie-Britannique
128,031	138,754	8	(17,115)	2,178,960	Alberta
56,698	56,940	—	(4,149)	1,006,871	Saskatchewan
167,753	179,704	(24)	(25,395)	3,008,560	Manitoba
143,777	156,724	317	(26,399)	3,655,654	Ontario
186,796	197,388	34	(14,146)	4,218,019	Québec
4,167	7,470	(225)	—	108,927	Nouveau-Brunswick
6,301	6,301	—	(9,394)	77,691	Nouvelle-Écosse
5,655	12,821	—	—	128,093	Île-du-Prince-Édouard
5,212	5,212	—	(10,137)	130,359	Terre-Neuve
709,601	766,615	110	(108,061)	14,668,287	Canada
Contrats de vente L.C.A.					
5,597	5,597	—	—	181,426	Colombie-Britannique
26,560	52,601	5	(2,699)	595,456	Alberta
6,625	17,146	721	—	157,110	Saskatchewan
31,630	31,630	—	(9,110)	356,884	Manitoba
211,788	273,192	502	(4,072)	4,976,877	Ontario
19,568	27,784	2,293	(159)	549,512	Québec
694	707	—	—	36,997	Nouveau-Brunswick
2,762	2,762	—	(445)	90,386	Nouvelle-Écosse
14,341	27,962	—	—	215,909	Île-du-Prince-Édouard
3,201	6,755	—	—	117,634	Terre-Neuve
322,766	446,136	3,521	(16,485)	7,278,191	Canada
Contrats de vente P.D.P.F.					
3,450	3,450	—	(81)	75,421	Colombie-Britannique
119,335	134,477	350	(8,069)	2,349,567	Alberta
173,386	215,675	323	(12,070)	3,527,084	Saskatchewan
55,899	65,021	—	(4,005)	1,407,165	Manitoba
4,391	4,391	—	(813)	132,783	Ontario
2,741	3,346	—	(31)	83,588	Québec
3,661	3,661	—	(48)	76,474	Nouveau-Brunswick
1,137	6,290	—	—	50,171	Nouvelle-Écosse
3,811	4,926	9	(56)	103,175	Île-du-Prince-Édouard
—	—	—	—	—	Terre-Neuve
367,811	441,237	682	(25,173)	7,805,428	Canada
55,541,489	178,286,455	535,248	(26,079,493)	3,482,006,152	TOTAL

Administrative Operations

The operations of Farm Credit Corporation Canada are carried out at its Head Office, and at seven regional offices. Some 204 credit advisors and 32 district supervisors work out of 103 field offices in agricultural communities. Total staff numbered 605 at year end, a decrease of 10 from 1979-80.

During the year, Head Office moved from Ottawa's west end to the city's downtown core. The entire move was accomplished with a maximum of efficiency, and all services were operational within four days. The new location provides a total of 47,096 square feet for offices and auxiliary services such as a data processing centre, a print shop, a staff cafeteria and a fitness room.

Another administrative milestone in 1980-81 was the approval of a plan to expand data processing services to regional offices by 1984. A distributed data system will allow the regions to access the Head Office computer files, and will provide such benefits as improved services, management and operational control.

During the Corporation's twenty-second year of operation, many staff members found themselves nearing retirement. In fact, about eight per cent of employees retired or resigned during the year. Most of the retiring employees participated in a pre-retirement course which is now available to all senior employees. The success of this program ensures its repetition in the future.

Other courses introduced during the year were an Employee Assistance Program and a Performance Evaluation Course for supervisors. The latter emphasizes the importance of goal setting and its relationship to the measurement of employee performance. The Employee Assistance Program is designed to aid supervisors in the identification of declining performance. Help is offered for personal problems by outside professionals.

An in-house language training program has continued to provide upgrading for 37 French and 11 English language students. In addition, educational leave was approved for three employees to pursue their academic qualifications.

In 1980-81, the cost of administering the Corporation's programs was \$25,205,800 or .79 per cent of the mean principal outstanding on loans to farmers and farm syndicates, and on agreements for sale. This compares to \$21,178,400 or .73 per cent for the previous year.

Opérations administratives

La Société du crédit agricole Canada dirige ses opérations à partir de son Siège social et de sept bureaux régionaux. Elle compte quelque 204 conseillers en crédit et 32 surveillants de district répartis dans 103 bureaux de campagne situés dans les principales localités agricoles. Ses effectifs totaux atteignaient 605 personnes à la fin de l'exercice, soit 10 de moins qu'en 1979-1980.

Au cours de l'année, le Siège social de la Société a quitté l'ouest d'Ottawa pour emménager au centre-ville. Le déménagement s'est fait avec beaucoup d'efficacité et, en quatre jours, les activités reprenaient normalement. Les nouveaux locaux couvrent 47,096 pieds carrés si l'on tient compte des bureaux et des services auxiliaires tels que l'informatique, l'imprimerie, la cafétéria et la salle d'exercices.

La Société a posé, en 1980-1981, un autre jalon important du point de vue administratif en approuvant un projet en vue d'étendre les services d'informatique à ses bureaux régionaux d'ici 1984. Un système décentralisé de traitement des données permettra aux régions d'avoir accès aux dossiers informatisés du Siège social, ce qui leur assurera des avantages concrets, par exemple, un service amélioré et un meilleur contrôle de la gestion et des opérations.

La Société compte maintenant 22 ans d'existence et plusieurs de ses employés approchent l'âge de la retraite. Environ huit pour cent d'entre eux ont démissionné ou pris leur retraite au cours de l'année et la majorité ont participé au cours de préparation à la retraite qui est maintenant offert aux employés approchant l'âge de la retraite. Le succès remporté par ce programme amènera sûrement la Société à l'offrir encore à l'avenir.

D'autres cours ont été introduits pendant l'exercice, notamment le Programme d'aide aux employés et le cours d'évaluation du rendement offerts aux surveillants. Ce dernier met l'accent sur l'importance de la fixation de buts et les liens entre cette activité et l'évaluation du rendement d'un employé. Le Programme d'aide aux employés vise à aider les surveillants à dépister les baisses du rendement et à y remédier. Le programme permet de faire appel aux spécialistes de l'extérieur pour résoudre des problèmes personnels.

La Société a poursuivi son programme interne de formation linguistique afin de parfaire les connaissances de 37 étudiants en langue française et de 11 étudiants en langue anglaise. De plus, elle a approuvé des congés d'études à trois employés afin qu'ils puissent compléter leur formation.

En 1980-1981, les frais d'administration des programmes de la Société s'élevaient à \$25,205,800 soit .79 pour cent du principal moyen à percevoir sur les prêts aux cultivateurs et aux syndicats agricoles et sur les contrats de vente, comparativement à \$21,178,400 ou .73 pour cent pour l'année précédente.



Chairmen of Appeal Boards

Présidents des Commissions d'appel

British Columbia	Colombie-Britannique	Ralph Barichello
Alberta	Alberta	Gordon Miller
Saskatchewan	Saskatchewan	Enos Sproat
Manitoba	Manitoba	Robert W. Hopley
Ontario	Ontario	Harold J. Schmidt
Quebec	Québec	Danias Messier
New Brunswick	Nouveau-Brunswick	W. Burris Coburn
Nova Scotia	Nouvelle-Écosse	Thomas Meredith
Prince Edward Island	Île-du-Prince-Édouard	Wilbert MacKenzie
Newfoundland	Terre-Neuve	Colin Bull

Appeal Boards composed of practical farmers of proven ability and judgement are established in each Region to hear appeals from farmers who are not satisfied with the Corporation's decision on any loan application.

The Advisory Committee is appointed by the Minister of Agriculture to provide advice to him or the Corporation on matters referred to it. The majority of the members must be farmers or representatives of farm organizations.

Des commissions d'appel, composées d'un groupe impartial de cultivateurs compétents, sont établies dans le territoire de chaque région pour entendre les appels logés par des cultivateurs qui ne sont pas satisfaits de la décision rendue par la Société à l'égard de toute demande d'emprunt.

Le Comité consultatif est nommé par le Ministre de l'Agriculture et chargé de conseiller la Société et celui-ci sur toutes questions ont lui sont déferées. La majorité des membres doivent être des cultivateurs ou des représentants d'organismes agricoles.

Members of the Advisory Committee

Membres du Comité consultatif

British Columbia	Colombie-Britannique	Mel Kawano
Alberta	Alberta	William Moltzahn
Saskatchewan	Saskatchewan	Jean-Marie Bourrée
Manitoba	Manitoba	George Vercaigne
Ontario	Ontario	Ron Oswald
Ontario	Ontario	Brenda McIntosh
Quebec	Québec	Jean-Paul Corriveau
Quebec	Québec	Robert Younge
New Brunswick	Nouveau-Brunswick	Willie LeBlanc
Prince Edward Island	Île-du-Prince-Édouard	Winston Cousins

Head Office

Siège social

Chief Executive Officer	Principal fonctionnaire exécutif	Rolland P. Poirier
Vice-Chairman	Vice-président	Paul Babey
Legal Counsel	Conseiller juridique	Jean-E. Brassard
Director, Administrative and Personnel Services	Directeur, Services administratifs et du personnel	W. Ralph deGruchy
Director, Lending Operations	Directeur, Opérations de prêts	Gordon Hollingshead
Director, Economic and Liaison Services	Directeur, Services de l'économie et de liaison	Terry Kremeniuk
Executive Assistant	Adjoint exécutif	Armand Leclerc
Comptroller-Treasurer	Contrôleur-trésorier	Bill Mann
Director, Information and Public Relations Services	Directrice, Services d'information et des relations publiques	Louise Neveu
Chief Accountant	Comptable en chef	George Pender
Director, Operational Audit	Directeur, Vérifications opérationnelles	J.F. Émile Pepin



Members of the Corporation

Membres de la Société

Chairman	Président	Rolland P. Poirier
Vice-Chairman	Vice-président	Paul Babey
Member	Membre	Lorne Conrad
Member	Membre	Gerald I. Trant
Member	Membre	Carol Teichrob
Secretary to Corporation	Secrétaire de la Société	W. Ralph deGruchy



Regional Offices

Bureaux régionaux

Regional Offices/ Bureaux régionaux	Managers/ Gérants	District Offices/ Bureaux de district	Field Offices/ Bureaux de campagne
British Columbia/ Colombie- Britannique	Robert Plank (Acting) 1451 Ellis St., Kelowna, VLY 7N5 (604) 762-2416	Kelowna	Abbotsford, Dawson Creek
Alberta	George Jones, 400 Chancery Hall, No. 3 Sir Winston Churchill Square, Edmonton, T5J 2C5 (403) 429-5251	Calgary, Edmonton, Grande Prairie, Lethbridge, Red Deer, Vegreville	Athabasca, Barrhead, Brooks, Camrose, Drumheller, Evansburg, Fairview, Falher, Hanna, Lacombe, Medicine Hat, Peace River, Redwater, Stettler, St. Paul, Vermillion, Wainwright, Westlock, Wetaskiwin
Saskatchewan	Dave Fraser 500 South Broad Plaza, 2045 Broad St., Regina, S4P 2B7 (306) 359-5941	North Battleford, Prince Albert, Regina, Saskatoon, Swift Current, Yorkton	Assiniboia, Carlyle, Humboldt, Kindersley, Meadow Lake, Moose Jaw, Rosetown, Tisdale, Weyburn, Wynyard
Manitoba	Brian Strom, 400-777 Portage Ave., Winnipeg, R3G 3L1 (204) 949-4034	Brandon, Portage la Prairie, Winnipeg	Arborg, Carman, Dauphin, Killarney, Morden, Neepawa, Virden
Ontario	Stewart Given, 105 Silvercreek Parkway N., Guelph, N1H 7G7 (519) 821-1330	Chatham, Guelph, Lindsay, North Bay, Nepean, Walkerton, Woodstock	Barrie, Campbellford, Cornwall, Essex, Goderich, Guelph, Kingston, Lambeth, Listowel, New Liskeard, Owen Sound, Simcoe, Stratford, Vineland Station, Wyoming
Québec	Fabien Langlois 2700 boulevard Laurier, Édifice Champlain, Suite 2000, Ste-Foy, G1V 4C7 (418) 694-3993	Québec, Rimouski, St-Hyacinthe, St-Jean, St-Jérôme, Sherbrooke, Trois-Rivières	Arthabaska, Drummond- ville, Granby, Hull, Joliette, Rivière-du-Loup, Roberval, St. Georges ouest, Valleyfield, Ville-Marie
Atlantic/ Atlantique	Bob Aumell 1133 St. George Blvd., Moncton, E1C 8N6 (506) 388-6595	Charlottetown, Moncton	Bathurst, Fredericton, Grand Falls, Kentville, St. John's, Summerside, Sussex, Truro, Woodstock



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Financial statements for the year ended March 31, 1981



Farm Credit Corporation
Canada

Société du crédit agricole
Canada

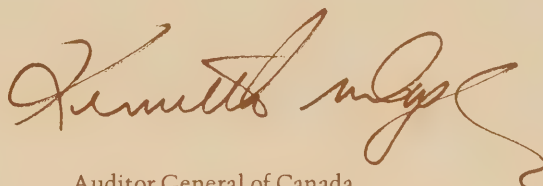


The Honourable Eugene Francis Whelan, P.C., M.P.
Minister of Agriculture
Ottawa, Ontario

I have examined the balance sheet of Farm Credit Corporation as at March 31, 1981 and the statements of operations and retained earnings, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Corporation as at March 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

A handwritten signature in dark ink, appearing to read "Kenneth McGeachy", with a long, sweeping flourish extending to the right.

Auditor General of Canada

Ottawa, Ontario
June 5, 1981

Farm Credit Corporation
(Established by the Farm Credit Act)

Balance sheet as at March 31, 1981

	1981	1980
Assets		
Cash	\$ 3,336,373	\$ 2,002,127
Accounts receivable	88,269	97,944
Loans to farmers, secured by mortgages (Note 3)	3,452,254,246	3,165,647,883
Loans to farm syndicates, secured by notes (Note 3)	14,668,287	12,577,650
Agreements for sale (Note 3)	15,083,619	13,780,277
	<u>3,482,006,152</u>	<u>3,192,005,810</u>
Less: Allowance for doubtful accounts	5,340,000	3,160,000
	<u>3,476,666,152</u>	<u>3,188,845,810</u>
Real estate (Note 4)	1,946,693	440,774
Fixed assets (Note 5)	1,016,536	439,860
	<u>\$3,483,054,023</u>	<u>\$3,191,826,515</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 1,736,711	\$ 1,411,834
Due to Canada (Note 6)	148,131	130,830
Fire insurance recoveries and other deposits	1,693,812	811,744
Provision for employee termination benefits	1,967,000	1,747,000
Deferred income taxes	6,339,971	2,803,528
Canada loans (Note 7)	3,332,465,577	3,060,770,235
	<u>3,344,351,202</u>	<u>3,067,675,171</u>
Equity of Canada		
Contributed capital (Note 8)	129,700,000	119,300,000
Retained earnings (Note 9)	9,002,821	4,851,344
	<u>138,702,821</u>	<u>124,151,344</u>
	<u>\$3,483,054,023</u>	<u>\$3,191,826,515</u>

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Corporation:



Chairman



Vice-Chairman

Farm Credit Corporation

Statement of Operations and Retained Earnings for the year ended March 31, 1981

	1981	1980
Income		
Interest earned on loans to farmers	\$283,833,288	\$242,181,565
Deduct: Interest on loans from Canada	<u>254,580,291</u>	<u>218,075,381</u>
Interest margin	29,252,997	24,106,184
Fees earned	963,925	1,129,035
Other interest income and service charges	<u>2,644,643</u>	<u>1,948,147</u>
Gross income	32,861,565	27,183,366
Expense		
Salaries and employee benefits	16,764,392	14,768,809
Provision for doubtful accounts	3,725,283	2,018,134
Travel	1,510,388	1,418,575
Office accommodation	1,500,980	1,244,057
Telephone	374,399	330,963
Rental and maintenance of office equipment	325,379	305,480
Printing, stationery and office supplies	314,582	242,714
Depreciation	165,541	112,962
Postage and express	132,230	135,324
Miscellaneous	<u>392,637</u>	<u>601,402</u>
	25,205,811	21,178,420
Less: Operating expenses of the Small Farm Development Program recovered under Agriculture Vote 25 (Vote 15 — 1980) (Note 6)	<u>32,166</u>	<u>25,586</u>
	25,173,645	21,152,834
Net income before income taxes	7,687,920	6,030,532
Provision for deferred income taxes	<u>3,536,443</u>	<u>2,774,045</u>
Net income (Note 9)	4,151,477	3,256,487
Retained earnings, beginning of year	<u>4,851,344</u>	<u>1,594,857</u>
Retained earnings, end of year (Note 9)	\$ 9,002,821	\$ 4,851,344

The accompanying notes are an integral part of the financial statements.

Farm Credit Corporation

Statement of Changes in Financial Position for the year ended March 31, 1981

	1981	1980
Funds provided		
From Canada :		
Gross borrowings	\$398,594,763	\$418,400,000
Less: Principal refinanced	133,157,800	122,954,133
	265,436,963	295,445,867
Capital contributed	10,400,000	11,800,000
	275,836,963	307,245,867
From borrowers:		
Repayments and prepayments of principal	123,695,304	159,221,417
Increase in amount held for future instalments	3,165,306	1,103,021
	126,860,610	160,324,438
	402,697,573	467,570,305
Funds applied		
To operations:		
Net income	(4,151,477)	(3,256,487)
Items not involving cash:		
Depreciation, deferred taxes and allowances	(6,101,984)	(4,216,006)
Increase in interest due from borrowers	5,372,799	2,194,172
Net changes in accrued interest	9,515,586	7,698,433
Interest refinanced and fees paid from loan funds	7,447,802	8,155,500
Total to operations	12,082,726	10,575,612
To borrowers:		
Gross loan disbursements	503,863,318	614,441,656
Less: Amount refinanced and fees paid from loan funds	121,118,221	156,743,978
	382,745,097	457,697,678
Repayment of borrowings from Canada	5,521,290	341,867
Net changes in other assets and liabilities	1,014,214	(356,389)
	401,363,327	468,258,768
Increase (decrease) in cash	1,334,246	(688,463)
Cash at beginning of year	2,002,127	2,690,590
Cash at end of year	\$ 3,336,373	\$ 2,002,127

The accompanying notes are an integral part of the financial statements.

Farm Credit Corporation

Notes to Financial Statements March 31, 1981

1. Corporate objectives

The Farm Credit Corporation was established on October 5, 1959, by the Farm Credit Act as the successor to the Canadian Farm Loan Board. The Corporation's prime objective is to assist Canadian farmers to establish and develop viable farm enterprises through the use of long-term credit as provided for by the Farm Credit Act.

The Corporation also administers the lending program authorized under the Farm Syndicates Credit Act which was originally introduced as the Farm Machinery Syndicates Credit Act on December 11, 1964. It provides for loans to groups or syndicates of farmers organized to share in the purchase and use of farm machinery, buildings and installed equipment.

2. Significant accounting policies

Allowance for doubtful accounts

The allowance for doubtful accounts relates to loans to farmers, loans to farm syndicates and agreements for sale. This allowance represents the Corporation's estimate of future probable losses on the accounts outstanding at March 31, 1981, and includes a component which, on the basis of historical loss experience, covers future losses not yet identified and also a component to provide for specifically identified probable losses.

Actual losses on loans, recoveries on loans and the changes in the allowance are recorded in the statement of operations and retained earnings as a provision for doubtful accounts.

Revenue recognition

Interest on loans to farmers, loans to farm syndicates and agreements for sale is recorded as income on an accrual basis.

Appraisal fees relating to loan applications are recorded as income when received. Appraisal fees withheld from loan funds are recorded as income at the time the loans are disbursed.

Partial discharge fees are recorded as income when the discharge occurs.

Service charges earned on loans to farm syndicates are recorded as income when loans are disbursed.

Fixed assets and depreciation

Fixed assets are recorded at cost. Leasehold improvements are amortized using the straight-line method over the term of the lease and one renewal period. Other fixed assets are depreciated using the diminishing balance method at rates of 20% for furniture and equipment and 30% for automobiles.

Income taxes

The Corporation follows the tax allocation method of accounting for income taxes. Deferred income taxes result from timing differences between the provision for doubtful accounts and depreciation charged to operations and the amounts claimed for tax purposes with respect to mortgage reserves deducted under Section 33 of the Income Tax Act and capital cost allowances.

3. Long-term receivables

Outstanding amounts are receivable over periods of up to thirty years at interest rates in effect at the time of approval.

	Period not exceeding	Annual interest rate %	Outstanding amount (in thousands)	
			1981	1980
Loans to farmers	30 years	5-13	\$3,452,254	\$3,165,648
Loans to farm syndicates	15 years	6 1/4-13 1/4	14,668	12,578
Agreements for sale	30 years	5-13	15,084	13,780
			<u>\$3,482,006</u>	<u>\$3,192,006</u>

Agreements for sale of \$15,084,000 (\$13,780,000 — 1980) consists of \$7,278,000 (\$5,311,000 — 1980) pertaining to agreements for sale and mortgages arising from sales of real estate under the Farm Credit Act and \$7,806,000 (\$8,469,000 — 1980) pertaining to agreements for sale under the Small Farm Development Program.

A summary of long-term receivables in the aggregate, by annual interest rate and fiscal year of maturity, is as follows:

Annual interest rate %	Maturities by fiscal year (in thousands)						1987 through 2011
	Total	1982	1983	1984	1985	1986	
5 — 5 7/8	\$ 228,650	\$ 23,030	\$15,976	\$16,184	\$16,187	\$16,121	\$ 141,152
6 — 6 7/8	252,958	19,313	10,567	11,074	11,542	12,041	188,421
7 — 7 7/8	382,841	26,296	12,679	13,441	14,175	14,912	301,338
8 — 8 7/8	709,065	48,685	16,091	17,148	18,373	19,511	589,257
9 — 9 7/8	935,149	63,323	14,718	15,855	16,934	18,277	806,042
10 — 10 7/8	503,507	32,324	6,200	6,794	7,361	7,953	442,875
11 — 11 7/8	126,184	6,726	1,327	1,446	1,577	1,634	113,474
12 — 12 7/8	215,125	9,492	1,864	2,078	2,321	2,586	196,784
13 — 13 1/4	128,527	7,580	1,555	1,673	1,809	1,861	114,049
	<u>\$3,482,006</u>	<u>\$236,769</u>	<u>\$80,977</u>	<u>\$85,693</u>	<u>\$90,279</u>	<u>\$94,896</u>	<u>\$2,893,392</u>

At March 31, 1981 accrued interest of \$155,541,000 (\$134,246,000 — 1980) and arrears of \$31,543,000 (\$25,126,000 — 1980) are included and are shown as maturing in the year ending March 31, 1982.

Prepayments of principal from borrowers of \$52,515,000 (\$94,193,000 — 1980) were received during the year and applied as a reduction of principal.

4. Real estate

This represents farm property held by the Corporation for resale and is carried at the lower of cost and net realizable value. It consists of property acquired in the process of administering the outstanding loans to farmers and to farm syndicates and must be disposed of by the Corporation within five years of acquisition or such further period as the Governor in Council may prescribe.

5. Fixed assets

	1981			1980
	Cost	Accumulated Depreciation	Net	Net
Furniture and equipment	\$1,340,042	\$900,063	\$ 439,979	\$388,495
Automobiles	6,213	5,249	964	1,377
Leasehold improvements	656,112	80,519	575,593	49,988
	<u>\$2,002,367</u>	<u>\$985,831</u>	<u>\$1,016,536</u>	<u>\$439,860</u>

6. Due to Canada

Pursuant to an agreement with the Department of Agriculture, the Corporation's continuing administrative costs relating to the Land Transfer Plan, a component of the Department's Small Farm Development Program which terminated on March 31, 1979, are reimbursed by the Department and any excess of income over expense is paid to Canada.

The amount due to Canada of \$148,131 (\$130,830 — 1980) in respect of operations during the year under this program is determined as follows:

	1981	1980
Funds received from Agriculture		
Vote 25 (Vote 15 — 1980)	\$ 40,000	\$ 40,000
Less: Administrative expenses	<u>32,166</u>	<u>25,586</u>
	<u>7,834</u>	<u>14,414</u>
Interest earned and other income	786,596	786,865
Less: Interest on loans from Canada	<u>646,299</u>	<u>670,449</u>
Excess of income over interest expense	<u>140,297</u>	<u>116,416</u>
	<u>\$148,131</u>	<u>\$130,830</u>

7. Canada loans

The Corporation has borrowed funds, secured by note, from the Minister of Finance for the purpose of making farm loans, pursuant to section 13 of the Farm Credit Act and section 8 of the Farm Syndicates Credit Act. Loans are also outstanding that were borrowed for the purposes of the Small Farm Development Program pursuant to the Farm Credit Act, as authorized by Order in Council P.C. 1972-1490 dated June 29, 1972. These borrowings are repayable in accordance with the terms and interest rates prescribed at the time of borrowing.

Outstanding amounts as at March 31, 1981 are as follows:

	Period not exceeding	Annual interest rate %	Outstanding amount (in thousands)
			1981 1980
Farm Credit Act	20 years	3 1/2 - 12	\$3,226,192 \$2,967,860
Farm Syndicates Credit Act	5 years	5 1/4 - 12 1/4	13,985 12,035
Small Farm Development Program	20 years	6 - 9	9,058 9,424
Accrued interest			83,231 71,451
			\$3,332,466 \$3,060,770

A summary of the Canada loans in the aggregate, by interest rate and fiscal year of maturity, is as follows:

Annual interest rate %	Total	Maturities by fiscal year (in thousands)					1987 through 2002
		1982	1983	1984	1985	1986	
3 — 4 7/8	\$ 8,645	\$ 2,812	\$ 2,355	\$ 2,134	\$ 1,344	\$ —	\$ —
5 — 5 7/8	183,209	37,707	32,346	31,852	33,597	35,439	12,268
6 — 6 7/8	494,202	54,099	40,623	34,706	36,930	39,295	288,549
7 — 7 7/8	468,263	31,988	24,985	26,736	28,048	30,644	325,862
8 — 8 7/8	1,062,977	52,572	33,689	36,165	38,738	41,657	860,156
9 — 9 7/8	689,475	30,152	15,976	17,475	19,118	20,720	586,034
10 — 10 7/8	2,397	577	520	520	520	260	—
11 — 11 7/8	171,645	5,808	2,725	3,016	3,342	3,708	153,046
12 — 12 1/4	251,653	22,000	3,953	4,350	4,797	5,298	211,255
	\$3,332,466	\$237,715	\$157,172	\$156,954	\$166,434	\$177,021	\$2,437,170

The amounts outstanding as at March 31, 1981, include accrued interest totalling \$83,231,000 [\$71,451,000 — 1980] and are shown as maturing in the year ending March 31, 1982.

8. Contributed capital

The contributed capital of the Corporation represents the amount received from Canada under Section 12 of the Farm Credit Act. The present statutory limit on this amount is \$150 million (\$150 million — 1980). In the current year, contributed capital of \$10.4 million (\$11.8 million — 1980) was received from Canada.

9. Segmented information

Operations and retained earnings under the Farm Credit Act and the Farm Syndicates Credit Act are broken down as follows:

	Combined		Farm Credit Act		Farm Syndicates Credit Act	
	1981	1980	1981	1980	1981	1980
Income						
Interest earned on loans	\$283,833,288	\$242,181,565	\$282,440,559	\$241,166,734	\$1,392,729	\$1,014,831
Deduct: Interest on loans from Canada	254,580,291	218,075,381	253,288,676	217,148,525	1,291,615	926,856
Interest margin	29,252,997	24,106,184	29,151,883	24,018,209	101,114	87,975
Fees earned	963,925	1,129,035	963,925	1,129,035	—	—
Other interest income and service charges	2,644,643	1,948,147	2,570,078	1,903,405	74,565	44,742
Gross Income	32,861,565	27,183,366	32,685,886	27,050,649	175,679	132,717
Expense	25,173,645	21,152,834	25,096,025	21,092,124	77,620	60,710
Net income before income taxes	7,687,920	6,030,532	7,589,861	5,958,525	98,059	72,007
Provision for deferred income taxes	3,536,443	2,774,045	3,536,443	2,774,045	—	—
Net income	4,151,477	3,256,487	4,053,418	3,184,480	98,059	72,007
Retained earnings, beginning of year	4,851,344	1,594,857	4,569,211	1,384,731	282,133	210,126
Retained earnings, end of year	\$ 9,002,821	\$ 4,851,344	\$ 8,622,629	\$ 4,569,211	\$ 380,192	\$ 282,133

10. Interest rates

Unless otherwise established by Order in Council, loans to farmers bear an interest rate from the date of approval equal to the base rate defined in section 3(2) of the Farm Credit Act Interest Rates Regulations plus one per cent. The base rate is determined using the average yield on Government of Canada bonds payable in Canadian currency and due to mature in five to ten years. The lending rate is established for six month periods commencing April 1st and October 1st each year and applies to all loans approved in the related six-month period.

However, if a new loan under the Farm Credit Act is made, a portion of which is to be used to repay an existing Farm Credit Act loan, the current lending rate and the rate on the existing loan are blended and a composite rate charged. Except for the provision for blended rates, rates on loans to farm syndicates are determined in the same manner using the yield on Government of Canada bonds maturing in one to five years plus one per cent.

Interest rates on borrowings from Canada by the Corporation under section 13 of the Farm Credit Act are established for six-month periods commencing April 1st and October 1st each year in accordance with the terms and conditions approved by the Governor in Council. Similarly, rates on borrowings under section 8 of the Farm Syndicates Credit Act are set on these dates for the same six-month periods.

11. Funding commitments by Canada

In addition to the repayments of principal received from borrowers, the Corporation also receives and is dependent upon Canada for capital contributions and loans for the funding of its lending program. Accordingly, by Order in Council, the Minister of Finance is committed to provide a net increase in capital and loans of \$302,800,000 for the year ending March 31, 1982.

12. Commitments to borrowers

Loans to borrowers approved but not disbursed as at March 31, 1981, amounted to \$67.8 million (\$69.5 million — 1980) most of which were approved at 12 3/4% (12% — 1980). It is expected that the majority of these loans will be disbursed within the six-month period ending September 30, 1981, from funds to be borrowed by the Corporation from Canada at 13% (12% — 1980).

13. Leases

The future minimum rental payments required under operating leases having initial non-cancellable lease terms in excess of one year are summarized as follows:

Year ending March 31, 1982	\$1,472,658
1983	1,164,172
1984	868,558
1985	782,175
1986	628,755
Thereafter	4,882,765
Total minimum lease payments	<u>\$9,799,083</u>

In addition to these rental payments the leases generally provide for the payment by the Corporation of real estate taxes and operating expenses in excess of those amounts established at the commencement of the lease term.

10. Taux d'intérêt

À moins d'un changement par décret du conseil, les taux d'intérêt sur les prêts consentis aux agriculteurs sont fixés à compter de la date de l'approbation. Ces taux correspondent à un pour cent plus le taux de base défini à l'Article 3(2) du Règlement sur les taux d'intérêt de la Loi sur le crédit agricole. Le taux de base est déterminé en utilisant le rendement moyen des obligations fédérales payables en monnaie canadienne et devant échoir dans cinq à dix ans. Le taux d'intérêt est établi pour des périodes de six mois commençant le 1er avril et le 1er octobre de chaque année et vise tous les prêts approuvés pendant le semestre en question.

Toutefois, lorsqu'un nouveau prêt est consenti en vertu de la Loi sur le crédit agricole et sert en partie à rembourser un prêt, on combine le taux d'intérêt courant et le taux d'intérêt sur ce prêt actif afin d'obtenir un taux d'intérêt composé. À l'exception des taux combinés, les taux d'intérêt sur les prêts consentis aux syndicats agricoles sont déterminés de la même façon c.-à-d. en prenant le rendement des obligations fédérales venant à échéance d'ici un à cinq ans et en y ajoutant 1%.

Les taux d'intérêt sur les emprunts auprès du Canada effectués par la Société en vertu de l'Article 13 de la Loi sur le crédit agricole sont établis au début de chaque semestre, soit le 1er avril et le 1er octobre de chaque année, en conformité aux modalités approuvées par le Gouvernement en conseil. De même, les taux d'intérêt sur les emprunts effectués en vertu de l'Article 8 de la Loi sur le crédit aux syndicats agricoles sont fixés aux dates précitées et sont en vigueur au cours des mêmes semestres.

11. Engagement de fonds par le Canada

En plus des remboursements de principal qu'elle reçoit des emprunteurs, la Société reçoit du Canada des contributions de capital d'apport et des prêts qui lui servent au financement de ses programmes de crédit, et elle dépend de ces fonds pour mener ses opérations. En conséquence le ministre des Finances est engagé par décret du Conseil à fournir une augmentation nette de capital et de prêts de \$302,800,000 à la Société pour l'exercice se terminant le 31 mars 1982.

12. Engagements envers les emprunteurs

Les prêts approuvés mais non déboursés au 31 mars 1981, s'élevaient à \$67,8 millions (\$69,5 millions en 1980). La plupart portaient un taux d'intérêt de 12 3/4% (12% en 1980). On prévoit que la plupart de ces prêts seront déboursés au cours du semestre se terminant le 30 septembre 1981, à même les fonds que la Société empruntera du Canada à 13% (12% en 1980).

13. Contrats de location

Les versements minimums futurs de loyer à être faits en vertu de contrats de location - exploitation dont le terme initial non résiliable couvre plus d'un an, se résument comme suit :

Exercice se terminant le 31 mars 1982	\$1,472,658
1983	1,164,172
1984	868,558
1985	782,175
1986	628,755
Exercices ultérieurs	4,882,765
Total des versements minimums de loyer	\$9,799,083

En plus de ces versements de loyer, les baux comportent généralement une clause prévoyant le paiement par la Société des impôts fonciers et des dépenses d'exploitation en sus des montants fixés au début du terme du bail.

9. Renseignements sectoriels

Les résultats et les bénéfices non répartis en vertu de la Loi sur le crédit agricole et de la Loi sur le crédit aux syndicats agricoles se répartissent comme suit :

	1981	1980	1981	1980	Loi sur le crédit agricole	Loi sur le crédit aux syndicats agricoles
Revenus						
Intérêt gagné sur prêts	\$283,833,288	\$242,181,565	\$282,440,559	\$241,166,734	\$1,392,729	\$1,014,831
Moins : Intérêt sur emprunts auprès du Canada	254,580,291	218,075,381	253,288,676	217,148,525	1,291,615	926,856
Marge d'intérêt	29,252,997	24,106,184	29,151,883	24,018,209	101,114	87,975
Honoraires gagnés	963,925	1,129,035	963,925	1,129,035	—	—
Autres revenus d'intérêt et frais d'administration	2,644,643	1,948,147	2,570,078	1,903,405	74,565	44,742
Bénéfice brut	32,861,565	27,183,366	32,685,886	27,050,649	175,679	132,717
Dépenses	25,173,645	21,152,834	25,096,025	21,092,124	77,620	60,710
Bénéfice avant impôts	7,687,920	6,030,532	7,589,861	5,958,525	98,059	72,007
Provision pour impôts sur le revenu	3,536,443	2,774,045	3,536,443	2,774,045	—	—
Bénéfice net	4,151,477	3,256,487	4,053,418	3,184,480	98,059	72,007
Bénéfices non répartis au début de l'exercice	4,851,344	1,594,857	4,569,211	1,384,731	282,133	210,126
Bénéfices non répartis à la fin de l'exercice	\$ 9,002,821	\$ 4,851,344	\$ 8,622,629	\$ 4,569,211	\$ 380,192	\$ 282,133

7. Emprunts auprès du Canada

La Société a emprunté des fonds garantis par billet, auprès du Ministère des Finances, afin de consentir des prêts agricoles conformément à l'Article 13 de la Loi sur le crédit agricole et à l'Article 8 de la Loi sur le crédit aux syndicats agricoles. La Société doit également rembourser des fonds empruntés dans le cadre de la Loi sur le crédit agricole, en conformité au décret C.P. 1972-1490, daté du 29 juin 1972, pour les besoins du Programme de développement des petites fermes. Ces emprunts sont remboursables selon les modalités et les taux d'intérêt prescrits au moment de l'emprunt.

Les montants non réglés au 31 mars 1981 sont les suivants :

Montants non réglés	Taux d'intérêt annuel %	Période n'excédant pas	Loi sur le crédit agricole	Loi sur le crédit aux syndicats agricoles	Programme de développement des petites fermes	Intérêt couru
\$3,226,192	3 1/2 - 12	20 ans				
13,985	5 1/4 - 12 1/4	5 ans				
9,058	6 - 9	20 ans				
\$3,332,466						
\$3,060,770						

Ventilation des emprunts auprès du Canada, répartie selon le taux d'intérêt annuel et l'exercice financier d'échéance :

Taux d'intérêt annuel %	Total	1982	1983	1984	1985	1986	1987 à 2002
3 — 4 7/8	\$ 8,645	\$ 2,812	\$ 2,355	\$ 2,134	\$ 1,344	\$ —	\$ —
5 — 5 7/8	183,209	37,707	32,346	31,852	33,597	35,439	12,268
6 — 6 7/8	494,202	54,099	40,623	34,706	36,930	39,295	288,549
7 — 7 7/8	468,263	31,988	24,985	26,736	28,048	30,644	325,862
8 — 8 7/8	1,062,977	52,572	33,689	36,165	38,738	41,657	860,156
9 — 9 7/8	689,475	30,152	15,976	17,475	19,118	20,720	586,034
10 — 10 7/8	2,397	577	520	520	520	260	—
11 — 11 7/8	171,645	5,808	2,725	3,016	3,342	3,708	153,046
12 — 12 1/4	251,653	22,000	3,953	4,350	4,797	5,298	211,255
	\$3,332,466	\$237,715	\$157,172	\$156,954	\$166,434	\$177,021	\$2,437,170

Les montants non réglés au 31 mars 1981 incluent un intérêt couru s'élevant à \$83,231,000 (\$71,451,000 en 1980) et paraissent comme venant à échéance au cours de l'exercice se terminant le 31 mars 1982.

8. Capital d'apport

Le capital d'apport de la Société représente le montant reçu du Canada en vertu de l'Article 12 de la Loi sur le crédit agricole. La limite statutaire actuelle de ce montant est de \$150 millions (\$150 millions en 1980). Au cours de l'exercice, le Canada a versé à la Société \$10,4 millions (\$11,8 millions en 1980) au titre du capital d'apport.

5. Immobilisations

Amortissement accumulé	Coût	Mobilier et matériel Automobiles Améliorations locatives		
			Net	Net
1981				1980
\$900,063	\$1,340,042	\$1,340,042	\$ 439,979	\$388,495
5,249	6,213	6,213	964	1,377
80,519	656,112	656,112	575,593	49,988
\$985,831	\$2,002,367	\$2,002,367	\$1,016,536	\$439,860

6. À payer au Canada

En vertu d'un accord entre la Société et le ministre de l'Agriculture, les frais d'administration relatifs au Plan de transfert des terres, un élément du Programme de développement de petites fermes d'Agriculture Canada qui s'est terminé le 31 mars 1979, sont remboursés par le ministre et tout excédent des revenus sur les dépenses est remboursé au Canada.

Le montant à payer au Canada s'élève à \$148,131 (\$130,830 en 1980). Il a trait aux opérations effectuées au cours de l'exercice en vertu du programme susmentionné et se répartit comme suit :

		1981		1980	
Fonds reçus d'Agriculture Canada, Crédit 25 (Crédit 15 en 1980)	Moins : Dépenses administratives	\$ 40,000	32,166	\$ 40,000	25,586
		7,834		14,414	
Intérêt gagné et autres revenus Moins : Intérêt sur les emprunts auprès du Canada	Excédent des revenus sur les dépenses	786,596	646,299	786,865	670,449
		140,297		116,416	
		\$148,131		\$130,830	

3. Créances à long terme

Les créances sont exigibles pour des périodes pouvant atteindre trente années et portent les taux d'intérêt qui étaient en vigueur au moment de l'approbation du prêt.

Période n'excédant pas	Taux d'intérêt annuel %	Montants non réglés (en milliers de dollars) 1981	Prêts aux cultivateurs		Prêts aux syndicats agricoles		Contrats de vente	
			30 ans	5-13	30 ans	15 ans	30 ans	15 ans
				5-13		6 1/4-13 1/4	5-13	
					\$3,452,254	14,668	15,084	
					\$3,165,648	12,578	13,780	
								\$3,192,006

Les contrats de vente de \$15,084,000 (\$13,780,000 — 1980) se composent d'une somme de \$7,278,000 (\$5,311,000 en 1980) qui a trait aux contrats de vente et aux hypothèques relatives à la vente de biens immobiliers sous le régime de la Loi sur le crédit agricole et d'une somme de \$7,806,000 (\$8,469,000 en 1980) qui a trait aux contrats de vente relatifs au Programme de développement des petites fermes.

Le montant global des créances à long terme, réparti selon le taux d'intérêt annuel et l'exercice d'échéance, se résume comme suit :

Echéance par exercice financier (en milliers de dollars)

Taux d'intérêt annuel %	Total	1982	1983	1984	1985	1986	1987 à 2011
5 — 5 7/8	\$ 228,650	\$ 23,030	\$15,976	\$16,184	\$16,187	\$16,121	\$ 141,152
6 — 6 7/8	252,958	19,313	10,567	11,074	11,542	12,041	188,421
7 — 7 7/8	382,841	26,296	12,679	13,441	14,175	14,912	301,338
8 — 8 7/8	709,065	48,685	16,091	17,148	18,373	19,511	589,257
9 — 9 7/8	935,149	63,323	14,718	15,855	16,934	18,277	806,042
10 — 10 7/8	503,507	32,324	6,200	6,794	7,361	7,953	442,875
11 — 11 7/8	126,184	6,726	1,327	1,446	1,577	1,634	113,474
12 — 12 7/8	215,125	9,492	1,864	2,078	2,321	2,586	196,784
13 — 13 1/4	128,527	7,580	1,555	1,673	1,809	1,861	114,049
	\$3,482,006	\$236,769	\$80,977	\$85,693	\$90,279	\$94,896	\$2,893,392

Un intérêt couru de \$155,541,000 (\$134,246,000 en 1980) et des arriérés de \$31,543,000 (\$25,126,000 en 1980) sont inclus au 31 mars 1981 et identifiés comme venant à échéance au cours de l'exercice se terminant le 31 mars 1982.

Au cours de l'exercice, la SCA a reçu des emprunteurs \$52,515,000 (\$94,193,000 en 1980) en paiements anticipés du principal. Elle a appliqué ce montant en réduction du principal.

4. Biens-fonds

Cette rubrique représente les propriétés détenues par la Société pour fin de revente. Le montant indiqué est le moins élevé entre le prix cotant et la valeur réalisable nette. Ces propriétés sont acquises dans le cadre de l'administration des prêts non réglés auprès d'agriculteurs et de syndicats agricoles. La Société doit se départir de ces propriétés dans les cinq années qui suivent leur acquisition ou au cours de toute période additionnelle permise par le Gouverneur en conseil.

1. Objectifs de la Société

La Société du crédit agricole a été constituée en vertu de la Loi sur le crédit agricole le 5 octobre 1959 afin de succéder à la Commission du prêt agricole canadien. Son objectif premier est d'aider les agriculteurs canadiens à établir et à aménager des exploitations agricoles rentables en leur fournissant du crédit à long terme sous le régime de la Loi sur le crédit agricole.

La Société administre également un programme de crédit autorisé sous le régime de la Loi sur le crédit aux syndicats agricoles. Cette loi a remplacé la Loi sur le crédit aux syndicats de machines aratoires qui le crédit aux syndicats de machines aratoires qui avait été votée le 11 décembre 1964. L'objectif de la LCSA est de prêter aux agriculteurs qui se regroupent en syndicats, afin de partager le coût de l'achat et de l'utilisation de machines aratoires, de bâtiments de ferme et d'équipement fixe.

2. Conventions comptables importantes

Provision pour créances douteuses

La provision pour créances douteuses a trait aux prêts consentis aux agriculteurs et syndicats agricoles ainsi qu'aux contrats de ventes. Cette provision représente les pertes estimatives que la Société s'attend d'encourir sur les comptes en souffrance au 31 mars 1981, et inclut une estimation des pertes futures non encore identifiées que la Société s'attend à subir selon les résultats antérieurs, ainsi qu'une estimation des pertes éventuelles connues.

Les pertes réelles sur les prêts, les recouvrements sur les prêts et les changements de la provision sont incorporés à l'état des résultats et des bénéfices non répartis à titre de provision pour créances douteuses.

Comptabilisation des revenus

Les intérêts sur les prêts aux agriculteurs et syndicats agricoles ainsi que sur les contrats de vente, sont inscrits aux revenus selon la méthode de comptabilité d'exercice.

Les honoraires d'évaluation perçus lors d'une demande d'emprunt sont inscrits aux revenus lors de leur réception. Les honoraires d'évaluation qui sont déduits directement des fonds prêts sont inscrits à titre de revenus au moment du déboursé final.

Les frais de mainlevée partielle sont inscrits à titre de revenus au fur et à mesure.

Les frais d'administration imputés aux prêts des syndicats agricoles apparaissent à titre de revenus au moment du déboursé final.

Immobilisations et amortissement

Les immobilisations sont comptabilisées au coût. Les améliorations locatives sont amorties selon la méthode de la ligne droite pour la durée du bail plus une période de renouvellement. Les autres immobilisations sont amorties selon la méthode du solde dégressif aux taux de 20% pour le mobilier et l'équipement et de 30% pour les automobiles.

Impôts sur le revenu

Les impôts sur le revenu sont comptabilisés selon la méthode du report d'impôt. Les impôts reportés résultent de l'écart temporaire entre la comptabilisation des dépenses concernant la provision pour créances douteuses et l'amortissement imputé à l'exploitation et les montants réclamés pour fins fiscales au titre des réserves hypothécaires déductibles en vertu de l'Article 33 de la Loi de l'impôt sur le revenu et de l'allocation du coût en capital.

Société du crédit agricole

Etat de l'évolution de la situation financière
pour l'exercice terminé le 31 mars 1981

1981	1980
Provenance des fonds	
Reçu du Canada :	
Emprunts bruts	
Moins : Principal refinancé	
Capital d'apport	
Reçu des emprunteurs :	
Remboursement et paiements anticipés du principal	
Augmentation du montant détenu pour versements futurs	
265,436,963	295,445,867
10,400,000	11,800,000
275,836,963	307,245,867
123,695,304	159,221,417
3,165,306	1 103,021
126,860,610	160,324,438
402,697,573	467,570,305
Utilisation des fonds	
Exploitation :	
Bénéfice net	
Eléments n'affectant pas l'encaisse :	
Amortissement, impôts reportés et allocations	
Augmentation de l'intérêt échû sur prêts	
Différence nette de l'intérêt couru	
Intérêt refinancé et honoraires payés à même les	
fonds prêtés	
Fonds absorbés par l'exploitation	
Emprunteurs :	
Déboursés bruts sur prêts	
Moins : Montants refinancés et honoraires payés à même	
les fonds prêtés	
Remboursement des emprunts auprès du Canada	
Différence nette des autres éléments d'actif et de passif	
401,363,327	468,258,768
1,014,214	(356,389)
5,521,290	341,867
382,745,097	457,697,678
121,118,221	156,743,978
503,863,318	614,441,656
1,334,246	(688,463)
2,002,127	2,690,590
\$ 3,336,373	\$ 2,002,127

Les notes ci-jointes font partie intégrante des états financiers.

Société du crédit agricole

Etat des résultats et des bénéfices non répartis pour l'exercice terminé le 31 mars 1981

1981	1980
Revenus	
Intérêt gagné sur prêts aux cultivateurs	\$242,181,565
Moins : Intérêt sur emprunts auprès du Canada	218,075,381
Marge d'intérêt	24,106,184
Honoraires gagnés	1,129,035
Autres revenus d'intérêt et frais d'administration	1,948,147
Bénéfice brut	32,861,565
Dépenses	
Salaires et prestations aux employés	14,768,809
Provision pour créances douteuses	2,018,134
Voyages	1,418,575
Location de bureaux	1,244,057
Téléphone	374,399
Location et entretien de l'équipement de bureau	325,379
Impressions, papeterie et fournitures de bureau	314,582
Amortissement	165,541
Affranchissement et messageries	132,230
Divers	392,637
Moins : Dépenses relatives à l'exploitation du programme de développement des petites fermes recouvrées en vertu du Crédit 25 de l'Agriculture (Crédit 15 en 1980) (note 6)	25,205,811
Bénéfice avant impôts	32,166
Provision pour impôts sur le revenu reportés	25,173,645
Bénéfice net (note 9)	7,687,920
Bénéfices non répartis au début de l'exercice	3,536,443
Bénéfices non répartis à la fin de l'exercice (note 9)	4,151,477
	\$ 9,002,821
	1,594,857
	\$ 4,851,344

Les notes ci-jointes font partie intégrante des états financiers.

1981 1980

Actif

Encaisse Débiteurs

Prêts aux cultivateurs, garantis par hypothèques (note 3)
Prêts aux syndicats agricoles, garantis par billets (note 3)
Contrats de vente (note 3)

Moins : Provision pour créances douteuses

Biens-fonds (note 4)
Immobilisations (note 5)

Passif

Créditeurs et frais courus
À payer au Canada (note 6)
Recouvrements d'assurance-feu et autres dépôts
Provision pour prestations de cessation d'emploi
Impôts sur le revenu reportés
Emprunts auprès du Canada (note 7)

Avoir du Canada

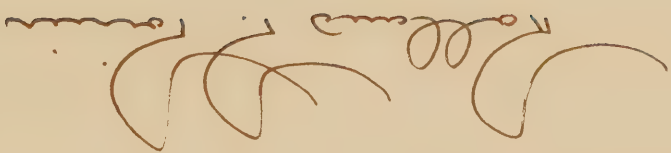
Capital d'apport (note 8)
Bénéfices non répartis (note 9)

Les notes ci-jointes font partie intégrante des états financiers.

Approuvé au nom de la Société :

Le Président

Le Vice-président





L'honorable Eugene Francis Whelan, C.P., député
Ministre de l'Agriculture
Ottawa (Ontario)

J'ai vérifié le bilan de la Société du crédit agricole au 31 mars 1981 ainsi que l'état des résultats et des bénéfices non répartis et l'état de l'évolution de la situation financière pour l'exercice terminé à cette date. Ma vérification a été effectuée conformément aux normes de vérification généralement reconnues, et a comporté par conséquent les sondages et autres procédés que j'ai jugés nécessaires dans les circonstances.

À mon avis, ces états financiers présentent un aperçu juste et fidèle de la situation financière de la Société au 31 mars 1981 ainsi que les résultats de son exploitation et l'évolution de sa situation financière pour l'exercice terminé à cette date selon les principes comptables généralement reconnus, appliqués de la même manière qu'au cours de l'exercice précédent.

De plus, je déclare que la Société, à mon avis, a tenu des livres de comptabilité appropriés, que les états financiers sont conformes à ces derniers et que les opérations dont j'ai eu connaissance ont été effectuées dans le cadre de ses pouvoirs statutaires.

Le Vérificateur général du Canada,



Ottawa (Ontario)
le 5 juin 1981

**États financiers pour l'exercice
terminé le 31 mars 1981**



Financial Statements

États financiers



CAI
DB 41
- A55

**Farm Credit
Corporation
Canada**

**Société du
crédit agricole
Canada**

**Annual Report
1981-1982**

**Rapport Annuel
1981-1982**

Canada



June 10, 1982

The Honourable Eugene Whelan, P.C., M.P.
Minister of Agriculture
House of Commons
Ottawa, Ontario K1A 0A6

Dear Mr. Whelan:

The unusual circumstances occasioned by the retirement of our former Chairman, Dr. Rolland Poirier, in December 1981 and the appointment of our new Chairman, Mr. Eiliv Anderson, after the end of the fiscal year gives me the pleasant responsibility of submitting the 23rd Annual Report of Farm Credit Corporation Canada and the financial statements for the year ending March 31, 1982.

During the past year, the economic outlook continued to be grim for a large number of farmers in Canada as interest rates stayed high and commodity prices remained weak, particularly in the red meat sector. The expression "dire straits" became more common as a significant number of farmers facing bankruptcy made their situation public. The Corporation was pleased to be able to share in the government's initiative to provide relief for a number of these farmers through the Special Farm Financial Assistance Program. In addition, our staff provided counselling to those in financial difficulty and explored other alternatives with them.

The year was also highlighted by the good news that the long-awaited amendments to the Farm Credit Act had been approved. The Corporation now begins a new era in its history as it prepares to go outside government to obtain a portion of its funds. We look forward to a resurgence of FCC's activity in the field of long-term farm credit.



le 10 juin 1982

L'honorable Eugène Whelan, C.P., député
Ministre de l'Agriculture
Chambre des Communes
Ottawa, Ontario K1A 0A6

Monsieur le Ministre,

Les circonstances inhabituelles provoquées par la retraite en décembre 1981 de notre ancien président, M. Rolland Poirier, et par la nomination de son remplaçant, M. Eiliv Anderson, après la fin de l'exercice financier, me confèrent la responsabilité de présenter le 23^e Rapport annuel de la Société du crédit agricole Canada et les états financiers de l'année terminée le 31 mars 1982.

L'année qui vient de s'écouler n'a guère amélioré les perspectives économiques d'un grand nombre d'agriculteurs puisque les taux d'intérêt sont demeurés élevés et les prix des denrées très faibles notamment dans le secteur des viandes rouges. L'expression "en sérieuse difficulté" est devenue monnaie courante alors qu'un grand nombre d'agriculteurs, au bord de la faillite, ont fait connaître leur situation au grand public. La Société est heureuse d'avoir pu participer à l'initiative du gouvernement en vue de venir en aide à un certain nombre de ces agriculteurs grâce au Programme spécial d'aide financière à l'agriculture. De plus, le personnel SCA a su conseiller les agriculteurs victimes de la conjoncture économique et explorer avec eux différents moyens de s'en sortir.

L'année nous a quand même apporté une heureuse nouvelle: l'approbation tant attendue des modifications à la Loi sur le crédit agricole. La Société est donc maintenant au début d'une ère nouvelle puisqu'elle se prépare à aller à l'extérieur du gouvernement pour obtenir une partie de ses fonds. Nous anticipons avec plaisir une recrudescence de nos activités dans le domaine du crédit agricole à long terme.

Je suis d'avis que les agriculteurs ont continué de recevoir un service de haute qualité de la part de la Société en dépit d'un effectif réduit, de contraintes budgétaires et de l'addition de nouveaux programmes particulièrement exigeants. Tout le crédit pour cet effort revient au personnel très compétent de la SCA. J'aimerais aussi remercier tout spécialement les membres du Conseil d'administration, ceux de nos Commissions d'appel provinciales et ceux du Comité consultatif pour leur précieuse contribution.

It is my opinion that farmers continued to receive high quality service in spite of reduced staff numbers, budgetary restraints and the addition of demanding new programs. I wish to recognize the support of FCC's very competent staff in this effort. Special thanks are also extended to the members of the Corporation's Board, the provincial Appeal Boards and the Advisory Committee for their valuable contribution.

I would be remiss in not mentioning your continued support of the agricultural sector and Farm Credit Corporation Canada including your very special efforts in the passage of amendments to the Farm Credit Act. I look forward to challenging times for Canadian agriculture and assure you of our dedication to the goals you have set for us.

Sincerely,

Paul Babey

Paul Babey
Vice-Chairman

Enfin, il serait négligeant de ma part de ne pas souligner l'appui que vous avez constamment donné au secteur agricole et à la Société du crédit agricole Canada ainsi que vos efforts en vue de faire adopter les modifications à la Loi sur le crédit agricole. J'entrevois un avenir rempli de défis pour l'agriculture canadienne, et je puis vous assurer de notre dévouement dans la réalisation des objectifs que vous nous avez fixés.

Votre tout dévoué,

Paul Babey

Paul Babey
Vice-président



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The Climate of Canadian Agriculture

Estimated farm cash receipts in 1981 were \$18.4 billion, an increase of 17.7 per cent over 1980. Farm operating expenses are estimated at \$12.3 billion, an increase of 18.3 per cent over 1980. Although realized net income reached a record \$4.0 billion in 1981, this increase was not shared equally by all producers. Total cash receipts for livestock and crops were up from the previous year, but some commodities experienced lower prices than during the previous year. The depressed prices for beef continued to result in negative returns for many producers, and while hog prices averaged higher than in 1980, a number of producers are feeling the pinch in view of the length of the low price cycle.

The financial climate for the year represented a time of unprecedented high interest rates. Private sector farm mortgage rates were about 16¾ per cent in April, 1981 and progressively increased to a range of 21¼ to 22¼ per cent in August. There was a decline to a range of 17½ to 18½ per cent at the end of the fiscal year.

During the last five years, commercial sector mortgage lenders have revised their rates unilaterally at intervals that appear to be shorter with some institutions providing mainly mortgages with floating interest rates based on the prime rate. During this fiscal year, many farmers who thought they had a fixed level of expenses based on long-term credit at an interest rate of about 11 or 12 per cent, were suddenly faced with a doubling of their interest charges. For many the only choice was to retire the loan or go into default.

Many farmers had not yet recovered from the shock of the increased cost of long-term debts when they also realized that their cost of medium and short-term credit had escalated at the same rate, creating a negative cash flow. Many of them had to look for a solution in debt consolidation. During these conditions, the 74,000 FCC borrowers appreciated more fully the stabilizing effect of an FCC loan where interest rates remain unchanged for the full term of the loan.

Tour d'horizon de l'agriculture canadienne

Selon les estimations, les recettes monétaires agricoles auraient atteint \$18.4 milliards en 1981, une augmentation de 17.7 pour cent par rapport à 1980. D'autre part, les dépenses d'exploitation agricole auraient augmenté de 18.3 pour cent par rapport à 1980 pour s'établir à \$12.3 milliards. Bien que le revenu net réel ait atteint un sommet de \$4.0 milliards en 1981, il est évident que cette augmentation n'a pas été partagée également entre toutes les productions. Les recettes monétaires totales tirées de l'élevage et des récoltes marchandes ont été supérieures à celles de l'année précédente, mais certaines denrées ont rapporté moins que l'année dernière. Les bas prix du boeuf se sont maintenus, provoquant des rendements négatifs dans bon nombre d'exploitations. Par ailleurs, les prix du porc ont été en moyenne plus élevés qu'en 1980, mais de nombreux éleveurs ressentent encore les effets du long cycle de bas prix.

La conjoncture financière de la dernière année a été caractérisée par une hausse sans précédent des taux d'intérêt. En avril 1981, les taux d'intérêt du secteur privé sur les prêts hypothécaires agricoles voisinaient 16¾ pour cent, puis ils ont progressivement atteint un plateau se situant entre 21¼ et 22¼ pour cent en août 1981. A la fin de l'exercice financier, ils oscillaient entre 17½ et 18½ pour cent.

Au cours des cinq dernières années, les prêteurs hypothécaires du secteur commercial ont révisé leurs taux unilatéralement à des intervalles de plus en plus rapprochés. Certaines institutions offraient même principalement des hypothèques à taux d'intérêt qui variait avec le taux préférentiel. C'est ainsi qu'au cours du dernier exercice financier, bon nombre d'agriculteurs qui croyaient pouvoir compter sur des dépenses fixes, fondées sur un crédit à long terme portant intérêt entre 11 et 12 pour cent, ont vu soudainement leurs frais d'intérêt doubler. Plusieurs d'entre eux n'avaient plus qu'une alternative: acquitter le prêt ou manquer à leurs engagements.

Ils étaient encore sous l'effet de ce choc lorsqu'ils se sont aperçu que les coûts du financement à moyen et à court terme suivaient le même courant, leur infligeant du même coup un déficit d'encaisse. Plusieurs n'ont eu d'autre choix que de consolider leurs dettes. Au cours de cette période difficile, les 74,000 emprunteurs SCA ont pu apprécier davantage l'effet stabilisateur des prêts de la Société dont les taux d'intérêt demeurent fixes pour la durée complète du prêt.

On April 1, 1981, FCC interest rates increased to 14 per cent from 12¾ and increased again on October 1 to 16¾ per cent. Although these levels of FCC interest rates represent an all-time high with the amount of the increases more substantial than in the past, interest rate increases moderated somewhat prior to year-end so that the trend of rising interest rates may be reduced in the new year.

The entire farm sector felt the impact of the higher cost of credit, but more particularly commodities such as hogs and beef suffered due to abnormally low prices. In these sectors, farm enterprises with substantial equity were able to roll with the tidal wave, although even some of these producers became discouraged and decided to quit. During the spring of 1981 media stories about farm failures, bankruptcies and distress cases became common and this sad situation continues.

Early in the fiscal year, the Minister of Agriculture, the Honourable E. Whelan, promised to assist farmers in serious difficulty to the limit of his ability if they wrote to him directly. He received more than 2,000 letters.

It was encouraging to note that other sectors of the farm economy experienced better results. Western grain producers found themselves in a more favourable cash flow position during the spring of 1981 and demands for long-term credit became very strong. The Corporation witnessed a decline in arrears in Western Canada, but later during the summer and fall, grain prices started to weaken. The first quarter of 1982 appears to bear out the prediction at the December Outlook Conference of a drop of 15 per cent in net farm income for 1982.

Le 1^{er} avril 1981, les taux d'intérêt SCA sont passés de 12¾ pour cent à 14 pour cent, puis le 1^{er} octobre, à 16¾ pour cent. Bien que ces niveaux représentent un sommet pour la Société, que les augmentations aient été plus considérables qu'en tout autre temps de son histoire, l'escalade des taux d'intérêt a semblé ralentir vers la fin de l'année, de sorte qu'on peut espérer une accalmie de la tendance à la hausse au cours de la nouvelle année.

La hausse du loyer de l'argent s'est fait sentir dans l'ensemble du secteur agricole, mais les productions telles le porc et le boeuf ont été encore plus durement touchées à cause des prix exceptionnellement bas de ces produits. Dans ces secteurs, seuls les exploitants qui possédaient un avoir net suffisant dans leur entreprise ont réussi à se maintenir à flot, mais même certains d'entre eux se sont découragés et ont décidé d'abandonner. Au cours du printemps 1981, les reportages sur les échecs agricoles, faillites et cas de détresse se sont succédés dans les médias, et ces sujets continuent de faire les nouvelles.

Au début de l'exercice financier, le ministre de l'Agriculture, l'honorable E. Whelan, promettait de venir en aide aux agriculteurs en sérieuse difficulté, dans les limites de ses possibilités, ces derniers lui écrivaient directement. Il reçut plus de 2,000 lettres.

Les résultats obtenus dans d'autres secteurs de l'économie agricole ont été plus encourageants. En effet, les céréaliculteurs de l'Ouest ont bénéficié d'une position d'encaisse plus favorable au printemps de 1981, ce qui les a incités à emprunter beaucoup à long terme. La Société a alors été témoin d'une chute de ses arrérages dans l'Ouest canadien, mais un peu plus tard, l'été et à l'automne, les prix des céréales commençaient à fléchir. Les résultats du premier trimestre de 1982 tendent à confirmer les prévisions de la Conférence des perspectives de décembre, selon lesquelles on assisterait en 1982 à un recul de 15 pour cent du revenu net agricole.



FCC's Role as a Stabilizing Factor in Agriculture

Demand for loans was extremely strong during the spring and most of the summer and FCC's limited level of resources was at about 50 per cent of what was actually required. During the fiscal year the Corporation approved 5,122 loans for a gross amount of \$505.4 million. Of this total, \$5.6 million was approved under the Farm Syndicates Credit Act and \$48.4 million was approved under the Special Farm Financial Assistance Program.

The Corporation also responded to the Minister of Agriculture's request to help find a workable solution to the problems of a number of farmers experiencing financial difficulty and who required some special assistance. In July, FCC earmarked part of its rapidly diminishing budget for this purpose. But room for manoeuvrability was limited due to the funding available.

Policy discussions at the government level to find a practical method to alleviate the distressing effect of persisting high interest rates commenced last summer culminating in an announcement during the Budget Speech on November 12, 1981. Unincorporated farmers in distress were given access to the Small Business Bond. These farmers were also eligible to apply for a Special Farm Financial Assistance Program loan administered by the FCC. Under the special program, an additional sum of money amounting to \$50 million was made available by the government. Approximately \$45 million was earmarked for loans and \$5 million for the interest rate rebate. The interest rate could be reduced by five per cent for up to two years with the provision for arranging special amortization schedules.

Le rôle de la SCA comme agent de stabilité en agriculture

La demande de crédit a été particulièrement forte au printemps et durant la majeure partie de l'été, à un moment où les ressources de la SCA lui permettaient de ne répondre qu'à environ 50 pour cent des besoins. Au cours de l'exercice, la Société a approuvé 5,122 prêts pour un montant brut de \$505.4 millions, dont \$5.6 millions aux termes de la Loi sur le crédit aux syndicats agricoles et \$48.4 millions dans le cadre du Programme spécial d'aide financière à l'agriculture.

Par ailleurs, la Société a collaboré avec le Ministre de l'Agriculture pour l'aider à trouver une solution pratique aux problèmes des agriculteurs en difficulté financière qui avaient besoin d'une aide spéciale. En juillet, elle décidait de consacrer à cette fin une partie de son budget, même si celui-ci diminuait à vue d'oeil. Cependant, sa marge de manoeuvre était très limitée en raison justement d'un manque de fonds.

Les discussions entreprises l'été dernier au niveau ministériel, en vue de trouver un moyen pratique d'atténuer les effets néfastes des taux d'intérêt élevés persistants, ont pavé la voie au programme annoncé lors du discours du budget du 12 novembre 1981. Dans un premier temps, les entreprises agricoles non constituées en société qui se trouvaient en sérieuse difficulté financière devenaient admissibles à l'Obligation pour la petite entreprise. Dans un deuxième temps, elles devenaient admissibles à un prêt dans le cadre du Programme spécial d'aide financière à l'agriculture, administré par la SCA. Le gouvernement mettait ainsi à la disposition de la Société une somme supplémentaire de \$50 millions, soit approximativement \$45 millions pour les prêts et \$5 millions pour les remises d'intérêt. Le nouveau programme permettait de réduire de cinq pour cent les taux d'intérêt sur une période de deux ans à l'intérieur de calendriers d'amortissement spéciaux.





The loans under the Special Farm Financial Assistance Program were managed by the Corporation and earmarked for incorporated or non-incorporated farmers who were in dire straits. The avenue for receiving assistance via the Small Business Bond was the first priority before a loan was made. In a number of cases loans were approved that required a combination of the Small Business Bond and a loan from the Corporation. This program took some time in getting the necessary momentum as the bank criteria for the S.B.B. were not developed until early in January of 1982. Although the Special Farm Financial Assistance Program meant dealing with much more complex cases, usually under considerable stress due to the need to meet the March 31 deadline, plus the hazards of a colder than normal winter, the Corporation was able to approve loans to the maximum funding. The demand indicated that the FCC was able to meet only about half of farmers' needs. This program has given a number of farmers a reprieve during which it is hoped that their enterprises will regain the financial balance of a viable operation.

Les fonds consentis en vertu du Programme spécial d'aide financière à l'agriculture étaient gérés par la Société et réservés aux entreprises agricoles, constituées ou non, dans une situation désespérée. L'agriculteur devait toutefois solliciter une Obligation pour la petite entreprise avant d'être admissible à un prêt dans le cadre du programme spécial. Par ailleurs, un certain nombre d'agriculteurs ont pu obtenir à la fois un prêt et une Obligation pour la petite entreprise. Il a fallu un certain temps au programme pour se mettre en marche puisque les critères des banques fins de l'Obligation pour la petite entreprise n'ont été élaborés qu'à la fin de janvier 1982. Même le Programme spécial d'aide financière à l'agriculture obligeait la Société à étudier des cas beaucoup plus complexes qu'à l'ordinaire, et sous un stress considérable en raison de la limite du 31 mars et des risques accrus par un hiver plus froid qu'à l'habitude, elle est parvenue à utiliser au complet les fonds réservés au programme de prêts spéciaux. Vu l'importance de la demande, elle n'a cependant pu combler qu'environ la moitié des besoins des agriculteurs. Le programme a tout de même permis à un certain nombre d'agriculteurs de respirer un peu plus à l'aise et, espérons-le, de rétablir l'équilibre financier de leur exploitation.

A Year of Change

During the period under review, a change was made to the Farm Credit Act Regulations which eliminated a clause that treated a married couple as a single qualifying applicant eligible for a loan of up to \$200,000. The change enabled a farmer and spouse to establish separate eligibility and borrow up to \$400,000. Other changes made were of a housekeeping nature aimed at improving the efficiency of operations.

Just prior to year-end, the House of Commons approved a series of amendments to the Farm Credit Act. The major changes are as follows:

- a) In addition to borrowing from the Consolidated Revenue Fund the Corporation will be able to borrow from the private money markets or other sources;
- b) The capital was increased from \$150 M to \$225 M providing the Corporation with maximum borrowing capacity of \$5.6 billion;
- c) The maximum loan limits will now be fixed by Regulation, enabling future changes to be made more easily. Proposed loan limits in the Regulations will be increased to \$300,000 for a single applicant and \$500,000 for two or more qualifying applicants;
- d) The Board of the Corporation is increased from five to seven members;
- e) The Corporation will have the authority to disburse up to 30% of the loan on the basis of acceptable security until such time as the mortgage registration or other security requisites are completed;
- f) The Corporation will be empowered to take into consideration other security that is not farm land or chattels as defined in Regulations;
- g) FCC will have the authority to call a loan upon breach of a mortgage covenant;
- h) The 35-year age restriction for loans for phase-in farmers is deleted and phase-in loans will be offered on the basis of need;
- i) Compulsory life insurance for borrowers under 45 years of age is deleted. The Corporation will continue to offer group life insurance on a voluntary basis;
- j) Finally, there were a number of amendments approved which are of a housekeeping nature. All of these are designed to eliminate contradictory sections and obsolete elements and to make the Act easier to understand and administer. At year-end the Bill had received the approval of Parliament and Senate approval is expected early in the next fiscal year.

Une année marquée par le changement

Au cours de l'exercice, on a modifié le règlement de la Loi sur le crédit agricole afin de ne plus considérer un couple marié comme demandeur unique admissible à un prêt maximal de \$200,000. Cette modification permettait à l'agriculteur et à son conjoint d'établir leur admissibilité séparément et d'emprunter jusqu'à \$400,000. Par ailleurs, d'autres changements mineurs visaient à améliorer l'efficacité des activités de la Société.

Peu avant la fin de l'année, la Chambre des Communes a approuvé une série de modifications à la Loi sur le crédit agricole, dont les plus importantes sont les suivantes:

- a) en plus de continuer d'emprunter du Fonds du revenu consolidé, la Société pourra dorénavant emprunter auprès des marchés financiers privés ou d'autres sources;
- b) le capital de la Société a été porté de \$150 millions à \$225 millions, lui donnant ainsi une capacité d'emprunt maximale de \$5.6 milliards;
- c) la limite maximale du prêt est maintenant fixée par règlement. Il sera donc plus facile de la modifier à l'avenir. On se propose en outre de la porter à \$300,000 pour un demandeur unique et à \$500,000 pour deux demandeurs ou plus;
- d) le nombre de membres au Conseil d'administration de la Société est porté de cinq à sept;
- e) la Société peut maintenant déboursier jusqu'à 30 pour cent du prêt sur garantie acceptable avant que ne soit terminé l'enregistrement de l'hypothèque et que ne soient remplies les autres conditions de la Société en matière de garantie;
- f) la Société pourra prendre en considération des garanties autres qu'immobilières ou mobilières, telles que définies dans le Règlement;
- g) la Société pourra dorénavant exiger le remboursement d'un prêt sur manquement à toute convention hypothécaire;
- h) la limite d'âge de 35 ans relative au prêt d'établissement progressif a été abolie et l'accès à ce prêt reposera dorénavant sur le besoin seulement;
- i) les emprunteurs âgés de moins de 45 ans ne sont plus tenus de souscrire à une assurance-vie. La Société continuera toutefois d'offrir une assurance-vie collective sur une base volontaire;
- j) enfin, un certain nombre de modifications de forme ont été apportées à la Loi afin d'en éliminer les dispositions contradictoires et les éléments désuets, et afin de la rendre plus facile à comprendre et à administrer. Le projet de loi a reçu l'approbation du Parlement à la fin de l'année et il devrait recevoir celle du Sénat au début du prochain exercice financier.



The passage of the Bill C-88 will result in major amendments to the Farm Credit Act Regulations. All of the preliminary work has been completed during the period under review but the Regulations will not receive Governor-in-Council approval until early in the 1982-83 fiscal year.

Negotiations are also underway for the revision of the Interest Rates Regulations. At present, consideration is being given to have the interest rates reviewed and revised quarterly rather than twice a year. In the future it is expected that the Board of the Corporation will fix the interest rate margin providing for a minimum of one per cent.

During the year, the Corporation was saddened to say farewell to its retiring Chairman Dr. Rolland P. Poirier after four years of loyal service to the Corporation. During his tenure he provided able leadership and encouraged a strong and harmonious team effort by giving his complete devotion to the Corporation. It was a rewarding experience for all employees to have shared these four years with him and he will be missed.

L'adoption du projet de loi C-88 donnera lieu des modifications majeures au Règlement de Loi sur le crédit agricole. Bien que le travail préliminaire en ce sens ait été effectué au cours de la période à l'étude, le Règlement ne recevra pas l'approbation du Gouverneur en Conseil avant le début de l'exercice financier 1982-1983.

La Société a également entrepris des négociations en vue de faire réviser le Règlement sur les taux d'intérêt. A l'heure actuelle, on étudie la possibilité de réviser et de modifier les taux d'intérêt tous les trimestres plutôt que tous les semestres. On prévoit qu'à l'avenir il appartiendra au Conseil d'administration de la Société de fixer la marge d'intérêt, sous réserve d'un minimum de un pour cent.

Au cours de l'année, la Société a été touchée par le départ en retraite de son président, le Dr. Rolland P. Poirier, qui lui avait consacré quatre ans de loyaux services. Durant son mandat, il a fait preuve d'un leadership hors-pair et a réussi par son dévouement, à stimuler un effort d'équipe solide et harmonieux. Son séjour à la Société a été une expérience enrichissante pour tous les employés et il sera regretté.

Challenges of the Future

The Corporation is on the threshold of a new era, as a result of the authority to borrow on the financial markets. Initially, the major portion of the budget will be derived from the Consolidated Revenue Fund and supplemented by borrowing from financial markets. Many have asked whether this change will result in higher lending rates because of the increased cost of funds. This is not necessarily so since the Corporation has Crown Agency status, which should provide it with a preferential credit rating. Additionally, the Corporation is considering a program whereby retiring farmers could provide funds through such programs as agri-bonds or other methods at attractive interest rates.

The major challenge for the Corporation in the new fiscal year will be to commence a program for the acquisition of funds from the private markets and to establish policies which will retain the historic tradition of maintaining an effective and expedient service to the farm community at a reasonable cost level. This assignment may be more complex in view of the need to provide long-term fixed interest rate loans while the interest and activity in the money markets appear to be in the short-term.

In the near future, the amendments to the Act and Regulations will require specific changes in operational policy in order for the FCC to continue to maintain a consistent lending policy throughout Canada.

The Corporation may have to create new types of loans to better serve the farm community and to better match the conditions of its new borrowings.

The Corporation will face new challenges as a result of the economic uncertainty in controlling the levels of arrears and losses. Although this has not been a problem in the past in that losses have always been a low percentage of the total FCC portfolio, losses as a percentage of total loans outstanding were .03 per cent in 1979-80, .04 per cent in 1980-81 and increased to .08 per cent this year. The increased level of arrears and losses results in a negative impact on operations and will be addressed in the new fiscal year.

Also, the Corporation will seek approval of a Long-Term Farm Credit Policy Paper which will contain the major objectives concerning the future of FCC. It is hoped that decisions on increased levels of resources available to the Corporation as well as the type of clientele to be serviced by the Corporation will be outlined early in the new fiscal year.

Un avenir rempli de promesses

La Société est au début d'une ère nouvelle: elle a maintenant le pouvoir d'emprunter sur les marchés financiers. Dans l'immédiat, la majeure partie de son budget continuera de provenir du Fonds du revenu consolidé, mais elle pourra le compléter par des emprunts sur les marchés financiers. Bon nombre se demandent si ce changement ne se traduira pas par des taux d'intérêt plus élevés, à cause notamment d'une augmentation du coût de ses fonds. Toutefois, il n'est pas dit qu'il en sera ainsi car la Société, grâce à son statut de société d'Etat, devrait pouvoir obtenir une cote de crédit préférentielle. En outre, elle étudie à l'heure actuelle un programme qui permettrait aux agriculteurs à la retraite de lui fournir des fonds en achetant des titres tels des bons agricoles ou autres effets à des taux d'intérêt attrayants.

Au cours du nouvel exercice financier, le principal défi de la Société sera de mettre sur pied un programme qui lui permettra de se procurer des fonds sur les marchés privés et d'élaborer des politiques qui lui permettront de préserver sa tradition de service efficace et rapide à la collectivité agricole à un coût raisonnable. Cette tâche pourra se révéler très ardue car la SCA a pour mandat de fournir des prêts à long terme à taux d'intérêt fixe, alors que les intérêts et l'activité sur les marchés actuels semblent plutôt tournés vers le court terme.

Dans un proche avenir, les modifications à la Loi et au Règlement obligeront la Société à apporter des changements précis à sa politique d'exploitation afin de maintenir une politique de prêt uniforme dans l'ensemble du Canada.

Elle devra peut-être créer de nouveaux types de prêts afin de mieux servir la collectivité agricole et de mieux assortir les modalités de ses prêts à celles de ses emprunts.

La Société devra aussi faire face aux défis nouveaux provoqués par l'incertitude économique et par la progression de ses arrérages et de ses pertes. Même si ses pertes n'ont jamais constitué un problème de taille par le passé, ayant toujours représenté un faible pourcentage de son portefeuille total (.03 pour cent en 1979-1980, .04 pour cent en 1980-1981 et .08 pour cent cette année), cette progression des arrérages et des pertes a eu un effet négatif sur ses activités et fera sans aucun doute l'objet d'une attention particulière au cours du nouvel exercice financier.

En outre, la Société tentera de faire approuver une politique en matière de crédit agricole à long terme qui, dans une certaine mesure, tracera son avenir. Elle espère que les décisions concernant l'augmentation de ses ressources et l'identification de sa clientèle seront prises au début du nouvel exercice.

The Corporation with a highly decentralized operation maintains over 100 offices throughout Canada and employs nearly 600 persons. The success of the Corporation is mainly due to the loyalty and determination of its employees. An additional effort has been required by many FCC employees this year due to reduced manpower coupled with the addition of new major projects undertaken and completed. This dedicated effort is recognized and very much appreciated.

La Société est un organisme hautement décentralisé qui possède plus de cent bureaux d'un océan à l'autre et qui emploie près de 600 personnes. Elle a connu jusqu'ici beaucoup de succès, grâce surtout à la loyauté et à la détermination de ses employés. Cette année, elle leur a demandé un effort supplémentaire car elle a dû mener à terme de nouveaux projets majeurs avec un personnel réduit. La Société reconnaît le dévouement de ses employés et leur rend hommage.



Measures of Farm Credit Corporation Canada's Effectiveness

The primary objective of Farm Credit Corporation Canada (FCC) is to provide long-term farm credit and advisory services in order to develop viable farm operations so that agriculture can provide farmers with a fair return on their capital investment, labour and skills and so that agriculture can make its greatest contribution to the Canadian economy.

Farm Credit Corporation Canada makes and administers farm loans as provided in the Farm Credit Act and the Farm Syndicates Credit Act. Various criteria have been selected to measure the Corporation's effectiveness in fulfilling its mandate and providing a service to the agricultural community. As well, this year the Corporation has the benefit of additional information obtained through the 1981 FCC financial survey of some 5,300 farmers on which to assess its effectiveness.

Selectivity

With limited funding and an increasing demand for its loans, the Corporation has attempted to direct its funds to those applicants who had viable proposals but who required credit on terms and conditions offered by FCC to increase their probability of success. This year FCC also administered the Special Farm Financial Assistance Program (SFFAP), which was announced in the November 1981 Budget and which terminated on March 31, 1982. The SFFAP provided \$50 million (approximately \$45 million in loans and \$5 million in interest rebates) to assist farmers who were unable to obtain assistance under the Small Business Bond program but who required a special loan to restructure debt, as well as an interest rebate, in order for their farm enterprises to survive.

Loan Requests

In the 1981-82 fiscal year, 194 credit advisors in 103 field offices conducted 57,662 interviews in selecting loan applications and administering loan accounts. A total of 26,138 specific loan requests were received. After assessment of these requests, 4,566 loans for a total of \$451.4 million were approved under the regular loan program and 382 loans totalling \$48.4 million were approved under the SFFAP. Some 18.9 per cent of all loan requests were approved. Of the loan requests declined at the interview stage, 31 per cent of the applicants were declined because of insufficient repayment ability, 35 per cent had the resources and repayment potential to obtain credit elsewhere, 14 per cent were not planning on becoming principally occupied in farming and the remainder were declined for other reasons.

Évaluation de l'efficacité de la Société du crédit agricole Canada

L'objectif premier de la Société du crédit agricole Canada est d'assurer un crédit hypothécaire à long terme et des services consultatifs aux agriculteurs afin qu'ils puissent s'établir et rentabiliser leur exploitation pour retirer un rendement équitable de leurs investissements en capital, en travail et en gestion, et pour que l'agriculture apporte une contribution optimale à l'économie canadienne.

La Société du crédit agricole Canada offre et administre des prêts agricoles aux termes de la Loi sur le crédit agricole et de la Loi sur le crédit aux syndicats agricoles. Divers critères ont été retenus pour mesurer l'efficacité avec laquelle la Société remplit son mandat et fournit des services à la collectivité agricole. En outre, la Société a la chance cette année de disposer de renseignements supplémentaires, obtenus par l'entremise d'un sondage qu'elle a mené en 1981 auprès de quelque 5,300 agriculteurs, à partir desquels elle peut vraiment mesurer son degré d'efficacité.

Clientèle privilégiée

En raison des fonds limités dont elle disposait et de la demande croissante pour ses prêts, la Société a tenté d'orienter ses fonds vers les demandeurs qui avaient des projets rentables, mais qui, pour améliorer leurs chances de succès, devaient pouvoir compter sur les conditions avantageuses que comportent les prêts SCA. Cette année, elle a également administré le Programme spécial d'aide financière à l'agriculture (PSAFA) qui avait été annoncé lors du discours du budget en novembre 1981 et qui a pris fin le 31 mars 1982. Le gouvernement a injecté \$50 millions dans le PSAFA (approximativement \$45 millions en prêts, et \$5 millions en remises d'intérêt), afin de venir en aide aux agriculteurs qui ne pouvaient obtenir une Obligation pour la petite entreprise, mais qui avaient besoin d'un prêt spécial pour restructurer leurs dettes, de même qu'une réduction d'intérêt pour renflouer leur exploitation agricole.

Demandes de prêts

Au cours de l'exercice 1981-1982, 194 conseillers en crédit, répartis dans 103 bureaux de campagne, ont accordé 57,662 entrevues pour l'évaluation des demandes de prêts et l'administration des comptes. Les 26,138 demandes de prêts fermes reçues ont donné lieu, après évaluation, à 4,566 prêts totalisant \$451.4 millions dans le cadre du programme ordinaire et à 382 prêts totalisant \$48.4 millions dans le cadre du Programme spécial d'aide financière à l'agriculture. Quelque 18.9 pour cent de toutes les demandes de prêts ont été approuvées. Sur le nombre de prêts refusés au stade de l'entrevue, 31 pour cent l'ont été en raison d'un potentiel de remboursement insuffisant, 35 pour cent parce que le

Although five out of six loan requests were declined, only 259 of the decisions were appealed, compared to 121 decisions appealed in 1980-81. This increase in appeals was expected due to the favourable FCC interest rate relative to other interest rates combined with the increase in the number of farmers facing financial difficulties.

Asset and Equity Levels

Due to limited funding, FCC directed its loans to those applicants who required a loan with favourable terms and conditions in order to start or develop their farm operation. As a result of this selection process, FCC borrowers have assets and equity substantially below the national average for all farmers.

According to the FCC survey of Canadian farmers, the average Canadian farm had assets totalling \$518,745 with an 85 per cent equity level while total average assets of 1981-82 FCC borrowers were \$342,698 after the loan with an average equity of 51 per cent (Table 1). Although the equity levels of FCC borrowers have averaged close to 50 per cent since 1976, a comparison of FCC and non-FCC borrowers in the survey showed that assets of all FCC borrowers were 1.54 times greater than non-FCC borrowers while total liabilities of FCC borrowers were 2.57 times greater. These statistics indicate that FCC borrowers are in a higher risk category than the national agricultural balance sheet indicates, a characteristic of farmers who are at the beginning stages of their farm development.

For loans made under the Special Farm Financial Assistance Program, the total average assets of borrowers was \$413,996 with an average equity level of 36 per cent. Although the asset level of borrowers under the SFFAP was substantially higher than for borrowers under FCC's regular loan program, their equity level was much lower. Borrowers who received SFFAP loans were highly leveraged and had cash flow problems requiring debt restructuring in order to survive.

demandeur possédait les ressources et le potentiel de remboursement voulus pour emprunter à leurs, 14 pour cent parce que le demandeur ne projetait pas de s'établir principalement en agriculture, et le reste pour diverses autres raisons.

Même si la Société a refusé cinq demandes de prêts sur six, seulement 259 ont donné lieu à un appel, comparativement à 121 en 1980-1981. Cette augmentation était prévue puisque le taux d'intérêt de la Société est inférieur à celui des autres institutions de crédit et que le nombre d'agriculteurs en difficulté financière augmentait.

Niveaux d'actif et d'avoir net

En raison des fonds limités dont elle disposait, la Société a dirigé ses prêts vers les demandeurs qui avaient besoin d'un crédit aux conditions avantageuses qu'elle offre pour s'établir ou développer leur exploitation agricole. Suite à ce processus de sélection, les emprunteurs de la SCA présentent un actif et un avoir net considérablement inférieurs à la moyenne nationale.

Selon les résultats du sondage mené par la Société auprès des agriculteurs canadiens, l'actif total de la ferme canadienne moyenne s'élève à \$518,745, et son niveau d'avoir net atteint 85 pour cent. D'autre part, l'actif moyen total des emprunteurs de la Société en 1981-1982 s'établissait à \$342,698 après le prêt et leur avoir net moyen à 51 pour cent (Tableau 1). Bien que le niveau d'avoir net des emprunteurs SCA se soit maintenu tout près de 50 pour cent en moyenne depuis 1976, le sondage révèle que leur actif est 1.54 fois supérieur à celui des emprunteurs d'autres sources, tandis que leur passif total est 2.57 fois supérieur. Ces statistiques montrent bien que les emprunteurs de la SCA présentent de plus grands risques que ne l'indique le bilan agricole national, du fait qu'ils en sont aux premières étapes d'aménagement de leur exploitation.

En ce qui concerne les prêts consentis dans le cadre du Programme spécial d'aide financière à l'agriculture, l'actif total moyen des emprunteurs s'établissait à \$413,996 avec un avoir net moyen de 36 pour cent. Les emprunteurs du PSAFA présentent donc un niveau d'actif considérablement plus élevé que celui des emprunteurs relevant du programme de prêt ordinaire de la SCA, mais leur niveau d'avoir net est beaucoup plus bas. En somme, les emprunteurs qui ont reçu des prêts PSAFA étaient très endettés, avaient de graves problèmes d'encaisse, et avaient besoin d'un prêt de refinancement pour survivre.



Table/Tableau 1

	FCC Borrowers ³ Emprunteurs SCA	Assets Actifs National Average ¹ Moyenne nationale	FCC Borrowers ³ Emprunteurs SCA	Equity (%) Avoir net (%) National Average ¹ Moyenne nationale
	Before Loan Avant l'emprunt		After Loan Après l'emprunt	
1976-77	\$139,000	\$190,500	52	83.3
1977-78	157,000	209,600	55	82.4
1978-79	189,500	240,300	47	82.5
1979-80	218,800	296,000	49	82.1
1980-81	273,900	340,000	51	82.0
1981-82	330,287	518,745 ²	51	85.0 ²

¹ Estimates/Estimations² FCC Survey Data/Sondage SCA³ Excluding SFFAP/PSAFA non compris

Table/Tableau 2

	FCC Borrowers ³ Emprunteurs SCA				National Average per Census Farm ¹ Moyenne nationale par ferme recensée	
	Acres Owned Acres possédées		Total Acres Operated Acres totales exploitées		Acres Owned Acres possédées	Total Acres Operated Acres totales exploitées
	Before Avant	After Après	Before Avant	After Après		
1976-77	309	514	521	719	388	553
1977-78	331	494	545	704	389	559
1978-79	250	454	501	668	390	565
1979-80	256	415	481	648	392	570
1980-81	276	403	497	646	395	575
1981-82	263	377	497	626	482 ²	697 ²

¹ Estimates/Estimations² FCC Survey Data/Sondage SCA³ Excluding SFFAP/PSAFA non compris

Farm Size

The land base of FCC applicants has been smaller than the national average. In 1981-82, land purchased with FCC loans brought the farm size closer to the national average unlike previous years where FCC loans increased farm size to above the national average (Table 2). This difference is primarily due to the financial difficulties in the farm sector in 1981 where FCC funds were concentrated on assisting farmers through debt consolidation and land transfers with limited farm expansion occurring. However, the FCC survey data indicated that farmers who are FCC borrowers have an average farm size of 614 acres compared to an average of 409 acres for non-FCC borrowers.

Superficie des exploitations

Le fonds de terre des demandeurs de la SCA est également inférieur à la moyenne nationale. En 1981-1982, les prêts SCA en vue de l'achat de terres ont permis aux emprunteurs de porter la superficie de leur ferme plus près de la moyenne nationale contrairement aux années passées où ils permettaient de porter celle-ci au-dessus de la moyenne nationale (Tableau 2). On attribue cette différence aux difficultés financières du secteur agricole, alors que les fonds de la SCA ont servi surtout à la consolidation des dettes et aux transferts de terres plutôt qu'à l'expansion en 1981. Les données du sondage de la SCA révèlent cependant que les fermes des emprunteurs de la Société couvrent une superficie moyenne de 614 acres, comparativement à une moyenne de 409 acres pour les emprunteurs d'autres sources.

Assistance to Young Farmers

The majority of FCC funds were provided to young people to assist them in making agriculture their principal occupation.

Age Distribution of FCC Borrowers

Since 1976-77, about 70 per cent of the loan applications approved annually were to applicants under 35 years of age. In 1981-82, 23 per cent of the loans were to borrowers under 25 years of age. Despite financial difficulties in the agricultural sector in 1981-82, FCC financed 1,056 new entrants into the sector who needed an FCC loan in order to develop a viable farm unit.

The FCC survey data indicated that the average number of years of farming for FCC farmers in the survey was 19 compared to 24 years for farmers without FCC loans. This demonstrates that for several years FCC has been lending to younger farmers.

Loan-to-Security Ratios

Since FCC was given the authority to make loans up to 100 per cent of the value of the security in 1975-76, the trend has been to loans with less security (Table 3). For many young farmers and those requiring debt consolidation, additional security is often not available.

Advisory Services Program

FCC provides financial and farm management counselling through its advisory services program. Credit advisors provide counselling to all borrowers and potential borrowers at the initial interview stage. As well, borrowers who wish continuous advisory services have the opportunity to benefit from farm business analyses, financial planning and financial monitoring.

Of the loans approved in 1981-82, 22 per cent of the borrowers agreed to the continuous advisory services program compared to about 17 per cent in 1980-81. This includes loans approved for borrowers in financial difficulty under the Special Farm Financial Assistance Program. The increase in requests for participation in the advisory services program is attributed to difficult economic times. The program should be particularly beneficial to borrowers who face higher levels of risk and financial instability.

Characteristics of Advisory Services Accounts

Borrowers under the advisory services program are generally in a higher risk position with lower equity and higher loan-to-security ratios (Table 4). The repayment record of those released from advisory services was comparable to those not on the program, indicating the benefits of the program for higher risk borrowers.

Aide aux jeunes agriculteurs

La SCA a prêté la plus grande partie de ses fonds aux jeunes afin de les aider à faire de l'agriculture leur principale activité.

Répartition des emprunteurs SCA selon l'âge

Depuis 1976-1977, environ 70 pour cent des prêts accordés chaque année l'ont été à des mandeurs âgés de moins de 35 ans. En 1981-1982, 23 pour cent des emprunteurs de la Société étaient âgés de moins de 25 ans. Malgré les difficultés financières du secteur agricole, la SCA a financé en 1981-1982, 1,056 débutants qui, pour espérer développer une unité agricole viable, avaient besoin d'un financement aux conditions offertes par la SCA.

Selon les données du sondage de la SCA, ses emprunteurs s'adonnaient à l'agriculture depuis 19 ans en moyenne, comparativement à 24 ans, chez les agriculteurs qui n'avaient pas emprunté d'elle, ce qui prouve qu'elle s'occupe des jeunes agriculteurs depuis de nombreuses années.

Rapport entre le prêt et la garantie

Depuis que la SCA a reçu, en 1975-1976, l'autorisation de consentir des prêts pouvant atteindre 100 pour cent des valeurs en garantie, elle a eu tendance à faire des prêts reposant sur une garantie moindre (Tableau 3), car les jeunes agriculteurs et les agriculteurs à la recherche de re-financement ne sont souvent pas en mesure de l'offrir davantage.

Programme de services consultatifs

La Société offre un counselling en financement en gestion agricole dans le cadre de son programme de services consultatifs. Les conseillers en crédit dispensent des conseils à tous les emprunteurs et aux demandeurs dès le stade initial de l'entrevue. En outre, les emprunteurs qui le désirent peuvent continuer à participer aux services consultatifs après l'octroi du prêt. Ils reçoivent ainsi des analyses d'entreprise ainsi que des programmes de planification et de contrôle financier régulièrement.

En 1981-1982, 22 pour cent des emprunteurs ont adhéré au programme de services consultatifs continu, comparativement à 17 pour cent environ en 1980-1981. Ce pourcentage englobe les emprunteurs en difficulté financière qui ont obtenu un prêt dans le cadre du Programme spécial d'aide financière à l'agriculture. On attribue l'augmentation des demandes de participation aux services consultatifs à la conjoncture économique difficile. Ce programme est particulièrement profitable aux emprunteurs qui présentent des risques plus élevés et qui connaissent une certaine instabilité financière.

Table/Tableau 3

FCC Loans as a Percentage of Security Prêts SCA exprimés en pourcentage de la garantie		
	Less than 35 Years Âgés de moins de 35 ans	35 Years and Over Âgés de 35 ans et plus
1976-77	63	49
1977-78	63	49
1978-79	68	60
1979-80	70	63
1980-81	69	63
1981-82	69	65

Table/Tableau 4

Equity (%) Avoir net (%)		Loan-to-Security Ratio (%) Ratio garantie-prêt (%)	
Advisory Services Borrowers Emprunteurs avec services consultatifs	Other Borrowers Autres Emprunteurs	Advisory Services Borrowers Emprunteurs avec services consultatifs	Other Borrowers Autres Emprunteurs
1976-77	36	58	75
1977-78	36	59	73
1978-79	31	49	78
1979-80	34	49	78
1980-81	38	53	77
1981-82	38	52	77

**Caractéristiques des comptes inscrits
aux services consultatifs**

Les emprunteurs qui participent au programme de services consultatifs présentent ordinairement de plus grands risques, possèdent un avoir net plus faible et offrent des garanties moindres (Tableau 4). Le dossier de remboursement de ceux qui ont déjà participé aux services consultatifs se compare à celui des emprunteurs qui n'y participent pas. Il y a donc lieu de croire que le programme est une aide précieuse pour les emprunteurs présentant des risques plus élevés.



Administration of Accounts

FCC has a collection policy which recognizes the temporary financial difficulties farmers can encounter due to adversities beyond their control such as weather conditions, disease and depressed commodity prices.

Arrears and Legal Actions

In recent years, less than 10 per cent of all FCC accounts have been in arrears at year-end. Even in 1981-82 when many farmers were experiencing financial difficulty, only 9.5 per cent of all FCC accounts were in arrears on March 31, 1982. Although the number of FCC borrowers who went bankrupt did increase from 56 in 1980-81 to 99 in 1981-82, it is still only thirteen one-hundredths of one per cent of all FCC accounts.

The Corporation is usually able to assist farmers in arrears through debt consolidation. In 1981-82, many borrowers required debt restructuring as a result of cash flow problems created by high and volatile interest rates, reduced profit margins and unfavourable climatic conditions in certain regions.

The Special Farm Financial Assistance Program was introduced to provide credit for debt restructuring for farmers in financial difficulty. In total, 35 per cent of FCC funds were used for debt consolidation and restructuring compared to 24 per cent in 1980-81 and 16 per cent in 1979-80.

Financial Performance

Although the 1981-82 FCC lending program required funding from the CRF, its requirements did not create any budgetary expenditures for the Government of Canada. All funds from the CRF are repaid and operating expenses are paid by farmers through a margin of one per cent added to FCC's cost of funds. In 1981-82, the Corporation's cost of administering its lending program was 0.95 per cent of the mean principal outstanding on loans to farmers. Although FCC lends to farmers who are considered by the private sector

Administration des comptes

La politique de recouvrement de la SCA reconnaît que les agriculteurs peuvent éprouver des difficultés financières temporaires en raison de circonstances indépendantes de leur volonté (conditions climatiques, maladie, chute du prix de leurs denrées, etc.).

Arrérages et poursuites judiciaires

Au cours des dernières années, moins de 10 pour cent de tous les comptes de la SCA étaient en arrérages à la fin de chaque année. Même à la fin de 1981-1982, alors que bon nombre d'agriculteurs étaient aux prises avec des difficultés financières, seulement 9.5 pour cent de tous les comptes de la Société étaient en arrérages au mars 1982. Bien que le nombre d'emprunteurs de la SCA en faillite soit passé de 56 en 1980-1981 à 99 en 1981-1982, il s'agit d'un pourcentage minime par rapport à l'ensemble des comptes de la SCA soit seulement treize centièmes de un pour cent.

La Société est habituellement en mesure de redresser la situation des agriculteurs en arrérage en consolidant leurs dettes. En 1981-1982, un grand nombre lui ont demandé de restructurer leurs dettes afin de remédier à des problèmes de flux monétaires engendrés par des taux d'intérêt élevés et instables, des marges de profit à la baisse et des conditions climatiques défavorables dans certaines régions.

D'ailleurs, le Programme spécial d'aide financière à l'agriculture a été lancé précisément pour offrir un crédit de restructuration des dettes aux agriculteurs en sérieuse difficulté financière. Au total, 35 pour cent des fonds de la SCA ont servi à la consolidation et à la restructuration des dettes comparativement à 24 pour cent en 1980-1981 et à 16 pour cent en 1979-1980.

Performance financière

Même si son programme de prêts a reposé en 1981-1982 sur un financement auprès du FRC, les besoins de la Société n'ont pas amené de dépenses budgétaires supplémentaires au gouvernement du Canada. En effet, les fonds qu'elle tient du FRC sont remboursés et ses dépenses d'exploitation sont défrayées par les agriculteurs par le biais d'une marge de un pour cent ajoutée au coût de ses emprunts. En 1981-1982, les coûts d'administration du programme de prêts de la SCA ont atteint 0.95 pour cent de l'encours moyen du principal sur ses prêts aux agriculteurs. Même si la SCA prête à des agriculteurs qui sont considérés par le secteur privé comme présentant des risques élevés, ses pertes sont chaque année, en-deçà de un dixième de un



Table/Tableau 5

	Net Income (Loss) Before Taxes Bénéfice (Perte) avant impôt	Losses on Portfolio Pertes sur titres en portefeuille	Losses as Percentage of Portfolio Pertes en pourcentage des titres en portefeuille
1976-77	\$(1,617,938)	\$ 53,000	.002
1977-78	945,603	410,000	.017
1978-79	2,615,788	890,000	.033
1979-80	6,030,532	888,000	.029
1980-81	7,687,920	1,545,000	.046
1981-82	3,461,000	3,041,000	.079

to be higher risks, FCC's losses have remained below one tenth of one per cent of its average outstanding receivables in any given year (Table 5). Total losses on loans increased in 1981-82 primarily due to losses on intensive enterprises with small land bases where profit margins were reduced in recent years. However, in 1981-82, FCC continued to generate a return on the government's equity.

Contribution to Canadian Agriculture

Farm Credit Corporation Canada contributes to the Canadian economy by financing the development of viable farm operations. Although this is difficult to assess, some measurements are possible.

The 1981 FCC survey data indicate that FCC loans are contributing significantly to agricultural production with the gross income of FCC borrowers averaging \$112,479 in 1980 compared to \$58,907 in gross income for non-FCC borrowers. As well, farm operating expenditures, excluding interest costs, for 1981-82 FCC borrowers increased an estimated \$80 million because of farm expansion, capital improvements and other farm investments. These increased annual expenditures combined with FCC loans contributed to the productivity and growth of agricultural service industries and rural communities.

Another measure of the effectiveness of FCC is through the benefits that its borrowers have received as a result of financial leverage. The comparison between the ratio of gross sales and total assets from the FCC survey data indicates that FCC borrowers generated 17 cents in gross sales for every dollar of assets, while non-FCC borrowers generated 14 cents.

pour cent de l'encours moyen de ses créances (Tableau 5). Par ailleurs, les pertes totales sur les prêts se sont accrues en 1981-1982 en raison surtout des pertes subies sur les entreprises intensives à fonds de terre peu étendu, dont les marges de profit se sont rétrécies au cours des dernières années. Toutefois, la SCA a continué en 1981-1982 à produire un revenu sur l'avoir du gouvernement dans ses activités.

Apport à l'économie canadienne

La Société du crédit agricole Canada contribue à l'économie canadienne en fournissant le financement nécessaire à l'aménagement d'exploitations agricoles rentables. Même s'il est difficile d'évaluer concrètement la contribution de la SCA à l'économie par l'octroi du crédit à long terme, il est néanmoins possible de le faire dans une certaine mesure.

Le sondage de 1981 de la SCA révèle que ses prêts contribuent considérablement à la production agricole si l'on considère que le revenu brut de ses emprunteurs a atteint, en moyenne, \$112,479 en 1980, comparativement à \$58,907 de revenu brut pour les autres emprunteurs. En outre, on estime que les dépenses d'exploitation agricole des emprunteurs de la SCA, y compris les frais d'intérêt, ont augmenté de \$80 millions en 1981-1982 en raison notamment de l'expansion des entreprises, des améliorations foncières et d'autres projets d'investissement agricole. L'accroissement annuel de ces dépenses ainsi que le crédit consenti par la SCA ont contribué à la productivité et à la croissance des industries de service agricole et des collectivités rurales.

Par ailleurs, les avantages que tirent les emprunteurs SCA de l'utilisation de leviers financiers constituent une autre mesure de l'efficacité de la Société. Lorsqu'on compare le rapport entre les ventes brutes et l'actif total, d'après les données du sondage SCA, on constate que les emprunteurs de la Société ont généré 17 cents en ventes brutes pour chaque dollar d'actif, tandis que les autres emprunteurs ont généré 14 cents en ventes brutes pour chaque dollar d'actif.



The success of FCC borrowers is also demonstrated by the number of accounts in good standing on March 31, 1982. Of the 74,637 FCC accounts, 90.5 per cent were in good standing. Although this percentage is slightly lower than last year, considering the financial difficulties which the agricultural sector has experienced in 1981-82, it compares very favourably to the last several years. Furthermore, the 74,637 accounts with loans at fixed interest rates have provided a measure of stability to the farm sector during the recent period of volatile interest rates.

The intergenerational transfer of farms and capital investment in agriculture are essential to the long-term productivity and stability of the agricultural sector. This analysis of the effectiveness of Farm Credit Corporation Canada indicates that it has contributed to the development of viable farm operations and to the Canadian economy. In addition, the information obtained through the 1981 FCC survey of farmers has contributed substantially to the knowledge of the financial structure of Canadian agriculture. This combined with the 1981 census information will be useful for developing future agricultural credit policies.

La réussite des emprunteurs SCA est également reflétée par le nombre de comptes en règle au 31 mars 1982. Sur 74,637 comptes, 90.5 pour cent étaient en règle. Même si ce pourcentage est légèrement inférieur à celui de l'an dernier, se compare favorablement à celui des années passées étant donné la situation financière difficile du secteur agricole en 1981-1982. De plus, les 74,637 comptes SCA à taux d'intérêt ont assuré une certaine stabilité au secteur agricole au cours de la récente période de variations des taux d'intérêt.

On considère par ailleurs que le transfert des terres d'une génération à l'autre et les investissements de capital en agriculture sont essentiels à la productivité et à la stabilité à long terme du secteur agricole. L'analyse de l'efficacité de la Société du crédit agricole Canada montre que celle-ci a contribué au développement d'exploitations agricoles rentables et, par ricochet, à l'économie canadienne. En outre, les renseignements que la Société a tirés de son sondage mené auprès des agriculteurs en 1981 lui ont permis d'accroître sensiblement sa connaissance de la structure financière de l'agriculture canadienne. Les résultats du sondage ainsi que les informations provenant du recensement de 1981 seront sans doute d'une très grande utilité dans l'élaboration des politiques futures en matière de crédit agricole.

Operations under the Farm Credit Act

Loan Demand

The demand for long-term farm credit in 1981 was high and is forecasted to continue rising at a rapid rate in the future. Despite this year's marked increase in the FCC interest rate charged to farmers and stringent loan eligibility criteria to ensure the applicants with the greatest needs would benefit from the loan funds, the remaining demand for FCC loans far exceeded the funds available for lending. A noticeable shift in demand from farm expansion to debt refinancing took place through the year. This trend will likely persist until the net farm income of Canadian farmers increases enough to alleviate the pressure being exerted on farm cash flows. In the long run, the need for capital to finance the inter-generational transfer of farm properties and the purchase of additional land will remain the determinants of demand for loans.

The FCC farm survey showed that 28 per cent of the farms in Canada have one operator who is less than 35 years old. These young farmers will require additional capital to expand their farm or increase their ownership in the existing operation. Depending on the economic situation of the farm sector, the percentage of funds approved for any individual loan purpose may vary according to the conditions of the day but, in the long run, the demand for long-term farm credit will continue to grow.

Loan Approvals

Under the Farm Credit Act, 4,948 loans were approved for \$499,782,100 in 1981-82. The net amount approved excluding the refinancing of existing FCC loans was \$450,632,850. This represents a 14 per cent increase over the comparable figure for the 1980-81 fiscal year. The number of loans approved went up by 5.5 per cent. The average loan size was \$101,007 compared to \$108,587 in 1980-81. This decrease was due to more selective lending made necessary by the lack of capital to meet the actual demand for FCC loans and to a policy change which has led to a decrease in the refinancing of FCC loans. The percentage of FCC loan refinancing further declined due to the general increase in interest rates. Many loan applicants preferred not to consolidate their loans in order to retain the benefits of previous lower interest rate loans and the flexibility of prepaying the higher interest rate loans first.

Activités sous le régime de la Loi sur le crédit agricole

Demandes de prêts

L'année 1981 a été caractérisée par une forte demande de crédit agricole à long terme qui, selon les prévisions, maintiendra ce rythme de croissance très rapide dans les années à venir. Malgré une augmentation marquée, cette année, du taux d'intérêt perçu par la SCA et malgré des critères d'admissibilité plus rigoureux visant à accorder la priorité aux demandeurs dont les besoins étaient les plus pressants, les demandes d'emprunt qu'elle a reçues ont de loin dépassé ses disponibilités de fonds. On a assisté par ailleurs à une nette réorientation de la demande, c'est-à-dire que le but principal des prêts est passé de l'expansion au refinancement des dettes. Cette tendance se maintiendra vraisemblablement tant que le revenu agricole net des agriculteurs canadiens n'augmentera pas suffisamment pour atténuer les pressions sur le flux de l'encaisse des exploitations. Toutefois, à plus long terme, le besoin de capitaux pour financer le transfert des propriétés agricoles d'une génération à l'autre et l'agrandissement des exploitations continuera de déterminer le niveau de la demande de prêts.

Le sondage agricole de la SCA révèle que 28 pour cent des fermes au Canada comptent un exploitant qui est âgé de moins de 35 ans. Ces jeunes agriculteurs auront besoin de capitaux supplémentaires pour agrandir leur ferme ou pour devenir propriétaires exclusifs de l'exploitation. Le pourcentage des fonds approuvés pour les différentes fins varie selon la situation économique du secteur agricole, mais de façon générale, la demande de crédit agricole à long terme devrait continuer à progresser.

Approbations de prêts

La Société a approuvé 4,948 prêts représentant \$499,782,100 en 1981-1982 sous le régime de la Loi sur le crédit agricole. Le montant net approuvé, à l'exclusion des prêts SCA actifs refinancés, a atteint \$450,632,850, ce qui représente une augmentation de 14 pour cent par rapport aux chiffres comparables de l'exercice 1980-1981. D'autre part, le nombre de prêts approuvés a progressé de 5.5 pour cent, mais le montant moyen des prêts s'est établi à \$101,007, comparativement à \$108,587 en 1980-1981. On peut attribuer cette baisse au manque de capitaux qui a obligé la Société à appliquer plus rigoureusement ses critères de sélection, et à un changement de politique qui a permis de diminuer les sommes affectées au refinancement de ses prêts actifs. Le pourcentage des prêts SCA refinancés a aussi fléchi à cause de l'augmentation générale des taux d'intérêt. En effet, plusieurs demandeurs ont préféré ne pas consolider leur prêt afin de conserver les avantages d'un prêt antérieur à taux d'intérêt inférieur et de se garder la possibilité de rembourser par anticipation les prêts à taux d'intérêt plus élevé.

This year, 179 loans were approved under Section 33 of the Farm Credit Act. This program allowed borrowers under 35 years of age to maintain full-time off-farm employment while phasing into farming within a five-year period.

Special Farm Financial Assistance Program

To cope with the special situation created by high interest rates and reduced commodity prices, a Special Farm Financial Assistance Program was implemented. Under this program, Canadian farmers experiencing severe financial difficulties were offered a potential interest rebate of five per cent for a two-year period, thus effectively reducing the interest rate on their loan to 11¼ per cent for the next two years. A total of 382 loans for an amount of \$48,426,800 were approved. This translates into \$45.5 million in net commitment after adjustments for cancellations and internal loan refinancing.

Purpose of Loans

The combined percentage of loans used to repay land secured debts and other debts went up from 24.3 per cent to 34.9 per cent. This is the first year that this combined total exceeds the funds extended to establish new units or to buy additional land. Loans used to repay land secured debts went from 12.3 to 16.4 per cent, a 33 per cent increase. Payment of other debts, which includes all debt consolidation except land debt, rose from 12 to 18.5 per cent, a 54 per cent increase.

Age of Borrowers

Loans to assist persons under 35 years of age continue to account for the greatest percentage of the Corporation's funds with nearly 70 per cent of all loans going to people in this age group. Most of the farmers in this age category have a limited resource base. Whether these young farmers want to get established or expand their operation, they must rely heavily on borrowed long-term capital. The recent fluctuations in interest rates have caused many to reconsider the capital structure of their farm business and seek debt consolidation loans.

Life Insurance

A group life insurance program is offered as a risk reducing opportunity for FCC borrowers. During the 1981-82 fiscal year, 89 per cent of all loans processed were covered by life insurance.

Cette année, 179 prêts ont été approuvés en vertu de l'article 33 de la Loi sur le crédit agricole. Ce programme permet aux emprunteurs âgés de moins de 35 ans de maintenir un emploi à temps plein à l'extérieur de la ferme pendant qu'ils s'établissent progressivement en agriculture sur une période de cinq ans.

Programme spécial d'aide financière à l'agriculture

Le Programme spécial d'aide financière à l'agriculture a été lancé afin d'atténuer la situation difficile créée par les taux d'intérêt élevés et les prix réduits des denrées. Il permet aux agriculteurs canadiens aux prises avec de sérieuses difficultés financières d'obtenir une remise d'intérêt de 5 pour cent pendant deux ans sur le taux de leur prêt, le ramenant effectivement à 11¼ pour cent pendant les deux années qui suivent l'octroi du prêt. Au total, 382 prêts ont été approuvés pour un montant de \$48,426,800, ce qui se traduit par des engagements nets de \$45.5 millions après les ajustements pour les annulations et le refinancement de prêts SCA.

But des prêts

Le pourcentage combiné des sommes affectées au remboursement des dettes hypothécaires et des autres dettes a, pour la première fois, excédé les fonds consentis en vue d'établir de nouvelles unités ou d'acheter des terres additionnelles, passant de 24.3 pour cent à 34.9 pour cent. Plus précisément, les sommes affectées au remboursement de dettes hypothécaires sont passées de 12.3 pour cent à 16.4 pour cent, soit une augmentation de 33 pour cent, tandis que les fonds affectés au remboursement des autres dettes, c'est-à-dire la consolidation de toutes les dettes autres qu'hypothécaires, ont augmenté de 54 pour cent, passant de 12 à 18.5 pour cent.

Âge des emprunteurs

La Société continue de prêter une plus forte proportion de ses fonds aux personnes âgées de moins de 35 ans. C'est ainsi que près de 70 pour cent de tous les prêts consentis l'ont été aux emprunteurs de ce groupe. Comme la plupart des agriculteurs de cette catégorie d'âge ont des ressources assez limitées, ils doivent compter surtout sur un capital d'emprunt à long terme pour s'établir ou pour agrandir leur exploitation. Les récentes fluctuations des taux d'intérêt ont obligé un grand nombre d'entre eux à réévaluer la structure financière de leur entreprise agricole et à consolider leurs dettes.

Assurance-vie

Une assurance-vie collective est offerte aux emprunteurs SCA afin de réduire les risques de l'exploitation future. Une proportion de 89 pour cent des prêts traités au cours de l'exercice financier 1981-1982 sont couverts par cette protection.

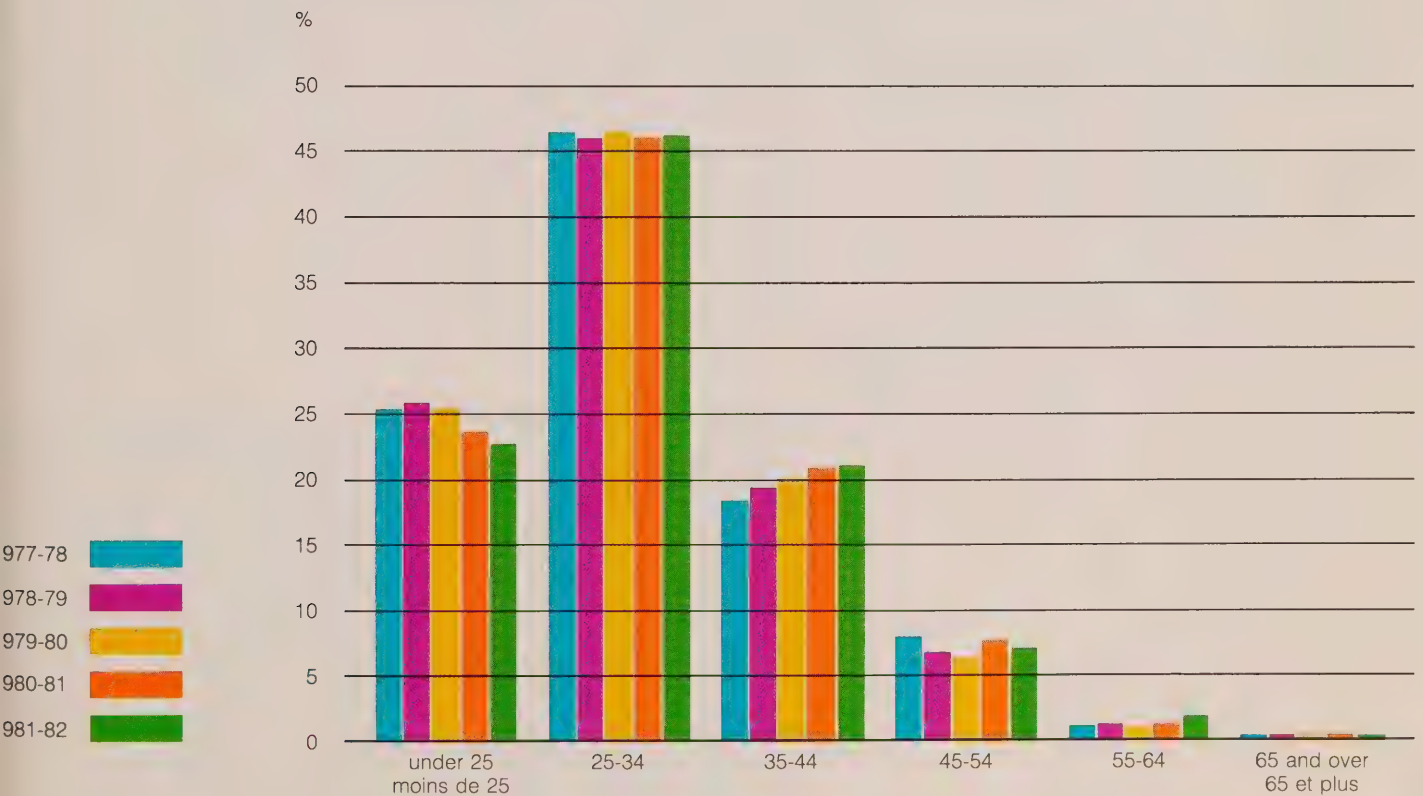
Purposes for Which Loans Were Approved During Last Five Years
Tableau de l'emploi des fonds empruntés durant les cinq dernières années

	1977-78	1978-79	1979-80	1980-81	1981-82
	Per cent/En pourcentage				
Additional Land Terres additionnelles	31.8	30.4	29.8	27.9	22.1
New Units Nouvelles unités	29.2	29.1	29.8	24.4	21.9
Permanent Improvements Améliorations permanentes	15.8	20.2	19.3	16.5	13.7
Land Secured Debts Dettes hypothécaires	9.4	8.1	9.2	12.3	16.4
Other Debts Autres dettes	7.3	6.1	6.8	12.0	18.5
Equipment Équipement	2.1	2.2	1.7	2.3	2.5
Livestock Bétail	1.5	1.6	1.2	2.2	2.1
Miscellaneous Divers	2.9	2.3	2.2	2.4	2.8

("New units" include funds borrowed for all purposes)

("Nouvelles unités" inclut les fonds empruntés à toutes les fins)

Percentage Age Distribution of F.C.A Borrowers
Répartition selon l'âge des emprunteurs L.C.A.



Highlights

Faits saillants

	1980-81	1981-82
Number of loans approved Nombre de prêts approuvés	4,686	4,931
Amount of loans approved gross Montant brut des prêts approuvés	\$ 508,885,200	\$ 499,782,100
Amount of loans approved net Montant net des prêts approuvés	\$ 393,544,415	\$ 450,632,800
Average amount of loans approved Moyenne des prêts approuvés	\$ 108,587	\$ 101,000
Amount of loans disbursed Montant des prêts déboursés	\$ 498,706,640	\$ 471,090,700
Number of loans outstanding Nombre de prêts aux livres	71,163	73,163
Principal amount outstanding Somme du principal impayé	\$3,301,020,618	\$3,627,714,700
Loans in good standing Prêts à jour	93.0%	90.0%

Financial Characteristics of Farm Operations Borrowing from FCC 1981-82 Caractéristiques financières des exploitations agricoles de la SCA en 1981-1982

Number of loans approved/ Nombre de prêts approuvés	4,931
Average cultivated acres owned/ Moyenne des acres en culture possédées	2.0
Cultivated acres under operation/ Acres en culture exploitées	4.0
Accrued farm income/ Revenu agricole accru	\$113,000
Disposable income/ Revenu disponible	\$ 23,000
Total demand/ Exigibilités totales	\$ 17,500
Total assets/ Actif total	\$391,000
Equity/ Avoir net	49.0%
Loan-to-security percentage/ Pourcentage prêt-garantie	49.0%

Farm Financial Management

The Corporation is committed to providing every opportunity for a borrower to achieve his or her goals through sound lending and advisory services. Pre-loan counselling and assistance in planning the organization and development of the farm business are available to all applicants.

Advisory services are normally provided by the Corporation on a voluntary basis to new borrowers or existing borrowers who request such assistance. For borrowers under the Special Financial Farm Assistance Program advisory services were compulsory. The purpose of advisory services is to provide organization, planning and financing counselling to help farm families achieve their economic and personal objectives. At year-end, 2,888 farm operations were benefiting from this free-of-charge service.

The Corporation's staff also liaises with other federal and provincial agencies and will provide referrals to these agencies when appropriate to complete the advisory service role.

Characteristics of Borrowers

Due to the excess loan demand, the Corporation enforced selection criteria to ensure that the farm borrowers with the greatest perceived need would benefit from its loan funds. Despite the selection criteria applied this year, the security-to-loan ratio was adequate and the risk margin remained within reasonable limits.

The average 1981-82 FCC borrower has a 49 per cent equity and could offer a security-to-loan ratio of 2:1. The average disposable income, which is the sum of the net cash income and the net off-farm income, exceeds the total demand by \$5,700. The total demand corresponds to the sum of the annual living cost of the operator(s) and the principal portion included in the debt payments. The difference between the disposable income and the total demand represents the margin by which the two previous figures could fluctuate without affecting the repayment ability of a farm borrower.

Gestion financière agricole

La Société s'est engagée à offrir à ses emprunteurs le maximum de possibilité d'atteindre leurs objectifs au moyen d'un programme valable de crédit et de services consultatifs. Tous les demandeurs peuvent bénéficier d'une consultation préliminaire au prêt et de conseils pour planifier l'organisation et le développement de leur entreprise agricole.

La Société offre ordinairement un service consultatif volontaire gratuit aux nouveaux emprunteurs ainsi qu'aux emprunteurs actifs qui en font la demande. Toutefois, ce service était obligatoire pour les emprunteurs du Programme spécial d'aide financière à l'agriculture. L'objectif du service consultatif est d'offrir des conseils en matière d'organisation, de planification et de gestion financière aux familles agricoles afin de les aider à atteindre leurs objectifs économiques et personnels. À la fin de l'année, 2,888 emprunteurs participaient à ce programme.

Le personnel de la Société est en contact avec les autres organismes fédéraux et provinciaux, et leur adresse certains cas lorsque les circonstances s'y prêtent dans le cadre de ses services consultatifs.

Caractéristiques des emprunteurs

Comme la demande de prêt excédait ses disponibilités, la Société s'est vue dans l'obligation de renforcer ses critères de sélection afin de s'assurer que ses fonds de prêt seraient distribués à ceux qui en avaient le plus besoin. En dépit de cette politique, le ratio garantie-prêt est demeuré suffisant et la marge de risque a été maintenue à l'intérieur d'une limite raisonnable.

L'emprunteur SCA moyen de 1981-1982 possède un avoir net de 49 pour cent et présente un ratio prêt-garantie de deux à un. Son revenu moyen disponible, c'est-à-dire la somme des rentrées monétaires nettes et du revenu hors-exploitation net, excède de \$5,700 ses exigibilités totales. Celles-ci correspondent à la somme du coût annuel de subsistance et des paiements de principal sur sa dette. L'écart entre le revenu disponible et les exigibilités totales représente la marge à l'intérieur de laquelle les deux chiffres précédents peuvent fluctuer sans diminuer la capacité de remboursement de l'emprunteur agricole.



Repayment by Borrowers

At year-end, the Corporation was carrying a greater dollar amount of arrears due to a deterioration in repayment of mortgage accounts. Compounded years of low prices for hog and beef operations associated with significant increases in interest rates severely affected the repayment ability of many farmers. Total payments made in 1981-82 were 87.6 per cent of the amount due compared to 91.3 per cent for the previous year. The percentage of loan accounts in good standing (less than \$500 in arrears) under the Farm Credit Act was 90.6 per cent as of March 31, 1982.

The amount paid on principal not due declined significantly to \$35.8 million this year from \$52.2 million the previous year. This decline in prepayments is attributed to the wider spread between the current market interest rate and the average interest rate on FCC loans outstanding and the current low level of net farm income.

Real Property and Losses on Loans

The net losses on loans including the write-down of the properties on hand amounted to \$3,040,943 compared to net losses of \$1,537,929 in 1980-81. This represents 0.08 per cent of the total of loans outstanding as of March 31, 1982.

The number of properties acquired by the Corporation increased to 35 this year compared to 28 for the previous year. There were 25 properties sold during the year, leaving 36 properties on hand at year-end. The inventory value of the properties on hand went from \$1,946,693 at the beginning of the year to \$3,327,101 at the end. Some 26 properties were also sold under power of sale. The Corporation did not take title to these farm properties.

The amount of losses on loans increased by 97.7 per cent during this fiscal year. Although the problem is considered serious, losses remain well within manageable proportions. An analysis of the farm properties repossessed by the Corporation or sold under power of sale indicates that 59 per cent of them were hog operations. The depressed hog prices that prevailed over the last three years explain the situation. A price recovery is expected in 1982-83.

Remboursement par les emprunteurs

À la fin de l'année, le montant des arrérages était plus élevé parce que les remboursements hypothécaires avaient légèrement ralenti. L'escalade des taux d'intérêt, qui suivait plusieurs années de bas prix des produits du porc et du bœuf, a réduit considérablement la capacité de remboursement de bon nombre d'agriculteurs. Malgré tout, 87.6 pour cent des sommes échues ont été versées en 1981-1982, comparativement à 91.3 pour cent l'année précédente. Le pourcentage des comptes en règle (comprenant ceux d'arrérages de moins de \$500) s'établissait à 90.6 pour cent au 31 mars 1982 sous le régime de la Loi sur le crédit agricole.

Par ailleurs, le montant versé sur le principal non échu a diminué considérablement, passant de \$52.2 millions l'année dernière à \$35.8 millions. On attribue cette chute des paiements par anticipation à l'écart de plus en plus grand qui existait entre le taux d'intérêt courant du marché et le taux d'intérêt moyen sur les prêts dus à la SCA, ainsi qu'au bas niveau actuel des revenus agricoles nets.

Biens immobiliers et pertes sur les prêts

Les pertes nettes sur les prêts, y compris la dévaluation des propriétés détenues, s'élevaient à \$3,040,943 cette année comparativement à des pertes nettes de \$1,537,929 en 1980-1981. Ce représente 0.08 pour cent du montant total des prêts actifs au 31 mars 1982.

La Société est devenue propriétaire de 35 propriétés au cours de l'année, comparativement à 28 l'an dernier. Elle en a vendu 25 et en détenait encore 36 à la fin de l'année. La valeur aux livres de ces propriétés est passée de \$1,946,693 en début d'année, à \$3,327,101 en fin d'année. Quelque 26 propriétés ont également été vendues en vertu du pouvoir de vente, donc sans que la Société n'entre en possession des titres de propriétés.

Le montant des pertes sur les prêts s'est accru de 97.7 pour cent au cours de l'exercice. Bien que le problème soit considéré comme sérieux, les pertes demeurent néanmoins à un niveau acceptable. Une analyse des propriétés agricoles reprises par la Société ou vendues en vertu du pouvoir de vente révèle qu'il s'agit d'exploitations porcines dans une proportion de 59 pour cent. Les prix à la baisse du porc au cours des trois dernières années sont donc à l'origine de cette augmentation des pertes sur les prêts SCA. On s'attend toutefois à une amélioration des prix en 1982-1983.



Operations under the Farm Syndicates Credit Act

There were 174 syndicate loans approved in 1981-82 for \$5,568,816 compared to 169 loans totalling \$4,774,111 in 1980-81. A syndicate is a group of three or more individuals, the majority of whom has farming as a principal occupation. Loans can be approved to a maximum of \$100,000 or \$15,000 per qualifying member, whichever is the lesser.

The Farm Syndicates Credit Act authorizes Farm Credit Corporation Canada to approve syndicate loans to farmers who wish to act cooperatively in overcoming the high cost of individual ownership of machinery, buildings and installed equipment. Although the total amount approved is modest, the Farm Syndicates Credit Act serves a definite need in providing credit for groups of farmers sharing in the ownership and use of farm investments.

At the end of the fiscal year, 88.2 per cent of syndicate accounts were in good standing as compared to 93.1 per cent last year at the same date.

Activités sous le régime de la Loi sur le crédit aux syndicats agricoles

La Société a approuvé 174 prêts totalisant \$5,568,816 à des syndicats en 1981-1982 comparativement à 169 prêts totalisant \$4,774,111 en 1980-1981. Un syndicat est un groupe formé de trois particuliers ou plus dont la majorité ont l'agriculture comme activité principale. Les prêts dans le cadre de ce programme peuvent atteindre \$100,000 ou \$15,000 par membre admissible, en prenant le moindre des deux montants.

La Loi sur le crédit aux syndicats agricoles autorise la Société à consentir des prêts de syndicat aux agriculteurs qui se regroupent afin de faire échec au coût élevé de la possession individuelle de machines, bâtiments et équipement fixe. Même si le montant approuvé est modeste, la Loi sur le crédit aux syndicats agricoles répond à un besoin réel de la collectivité agricole.

À la fin de l'exercice financier, 88.2 pour cent des comptes de syndicat étaient en règle comparativement à 93.1 pour cent l'année précédente à la même date.

Loans approved during the past three years

Prêts approuvés au cours des trois dernières années

Farm Credit Act/Loi sur le crédit agricole

	1979-80		1980-81		1981-82		Cumulative Cumul 1979-1982	
	Number Nombre	Amount(\$) Montant(\$)	Number Nombre	Amount(\$) Montant(\$)	Number Nombre	Amount(\$) Montant(\$)	Number Nombre	Amount(\$) Montant(\$)
B.C./C.-B.	154	18,358,800	175	21,597,900	155	19,502,600	484	59,459,300
Alberta	948	99,782,300	640	71,739,700	741	75,437,000	2,329	246,959,000
Saskatchewan	1,570	149,632,100	1,346	128,456,300	1,284	118,590,600	4,200	396,679,000
Manitoba	567	57,951,500	470	47,052,500	491	50,442,400	1,528	155,446,400
Ontario	1,326	171,462,200	1,084	138,308,400	1,176	130,329,700	3,586	440,100,300
Quebec/Québec	926	111,940,600	742	80,961,400	863	85,914,000	2,531	278,816,000
N.B./N.-B.	94	9,399,500	100	9,001,300	101	8,791,000	295	27,191,800
N.S./N.-É.	25	2,283,800	7	1,052,000	9	607,800	41	3,943,600
P.E.I./Î.-P.-É.	73	5,663,500	108	9,008,500	112	8,923,200	293	23,595,200
Nfld./T.-N.	15	2,005,200	14	1,707,200	16	1,243,800	45	4,956,200
Canada	5,698	628,479,500	4,686	508,885,200	4,948	499,782,100	15,332	1,637,146,800

Farm Syndicates Credit Act/Loi sur le crédit aux syndicats agricoles

	1979-80		1980-81		1981-82		Cumulative Cumul 1979-1982	
	Number Nombre	Amount(\$) Montant(\$)	Number Nombre	Amount(\$) Montant(\$)	Number Nombre	Amount(\$) Montant(\$)	Number Nombre	Amount(\$) Montant(\$)
B.C./C.-B.	1	10,928	1	54,960	—	—	2	65,888
Alberta	21	637,499	26	539,126	27	868,618	74	2,045,243
Saskatchewan	14	362,636	9	303,234	14	430,353	37	1,096,223
Manitoba	53	1,201,214	34	642,432	25	596,219	112	2,439,865
Ontario	37	1,232,484	34	979,491	38	1,179,153	109	3,391,128
Quebec/Québec	39	1,141,225	63	2,163,568	64	2,307,273	166	5,612,066
N.B./N.-B.	1	15,900	0	0	6	187,200	7	203,100
N.S./N.-É.	1	60,000	1	12,000	0	0	2	72,000
P.E.I./Î.-P.-É.	0	0	0	0	0	0	0	0
Nfld./T.-N.	0	0	1	79,300	0	0	1	79,300
Canada	167	4,661,886	169	4,774,111	174	5,568,816	510	15,004,123

Overview

The Farm Credit Corporation is classified as a Schedule D proprietary Crown corporation under the Financial Administration Act and is designated as a lending Crown corporation in the Public Accounts of Canada. Consistent with its classification, the Corporation is intended to be self-sufficient and is expected to generate sufficient funds to conduct its operation without parliamentary appropriations and to repay its borrowings. Under its governing legislation, the Corporation was required to obtain all of its borrowings from Canada through the Consolidated Revenue Fund.

During the year, \$483.5 million was made available to fund the Corporation's programs and operations. This is an increase of \$80.8 million over the \$402.7 million for the previous year. Of the \$483.5 million, \$371.6 million was in the form of contributed capital and net loans from Canada, and \$111.9 million was in the form of repayments from farmers. Out of the funds available, \$427.8 million was disbursed as net loans to farmers, \$21.7 million was applied to operations, \$25.0 million was used to repay loans to Canada and for other purposes, and the remaining \$9.0 million is reflected as an increase in cash on hand at year-end.

Capital and Loans from Canada

The Corporation received capital contributions and net loans from Canada totalling \$371.6 million during the year, an increase of \$95.8 million over the \$275.8 million received the previous year. Of the total increase, \$45.5 million was for the purpose of funding the loans under the Special Farm Financial Assistance Program announced by the Minister of Finance in his November 12, 1981 Budget.

The Corporation drew \$13.1 million in capital under section 12 of the Farm Credit Act, raising the total capital contributed by Canada to \$142.8 million. The remaining \$358.5 million was drawn in the form of net loans from the Minister of Finance. Including the principal refinanced, the Corporation's gross borrowings amounted to \$489.5 million for the year.

Of the gross borrowings, \$483.5 million was drawn under section 13 of the Farm Credit Act, and \$6.0 million was drawn under section 8 of the Farm Syndicates Credit Act.

Récapitulation

La Société du crédit agricole est classée à l'annexe D de la Loi sur l'administration financière à titre de corporation de propriétaire. On la désigne sous le nom d'institution prêteuse de la Couronne dans les comptes publics du Canada. Compte tenu de sa classification, il est prévu qu'elle soit auto-suffisante et qu'elle génère des fonds suffisants pour mener ses activités sans crédits budgétaires et pour rembourser tous ses emprunts. Conformément à la Loi qui l'a régie au cours de l'année, la Société a obtenu tous ses emprunts du Canada à même le Fonds du revenu consolidé.

Au cours de l'exercice, la Société a disposé d'un montant total de \$483.5 millions pour financer ses programmes et ses activités, soit une augmentation de \$80.8 millions par rapport aux \$402.7 millions de l'année précédente. Elle a notamment obtenu \$371.6 millions sous forme de capital d'apport et d'emprunts nets reçus du Canada et \$111.9 millions sous forme de remboursements par les agriculteurs. Elle a par ailleurs utilisé ses disponibilités de la façon suivante: \$427.8 millions en prêts nets aux agriculteurs, \$21.7 millions en frais d'exploitation, \$25.0 millions en remboursement de ses emprunts au Canada et à d'autres fins; enfin, le solde de \$9.0 millions représente une augmentation de son encaisse en fin d'année.

Capital et emprunts du Canada

La Société a reçu un total de \$371.6 millions du Canada au cours de l'année sous forme de capital d'apport et d'emprunts nets, soit une augmentation de \$95.8 millions par rapport aux \$275.8 millions reçus l'année précédente. Il faut toutefois préciser qu'une partie de cette augmentation provient d'un octroi de \$45.5 millions pour le financement du Programme spécial d'aide financière à l'agriculture annoncé par le Ministre des Finances dans son discours du budget le 12 novembre 1981.

Le Canada a versé \$13.1 millions en capital à la Société en vertu de l'article 12 de la Loi sur le crédit agricole, ce qui portait son capital total contribué à \$142.8 millions. La Société a obtenu le reste de ses fonds, soit \$358.5 millions, sous forme d'emprunts nets auprès du Ministre des Finances. Si l'on inclut le principal refinancé, les emprunts bruts de la Société ont totalisé \$489.5 millions en 1981-1982.

De ce dernier montant, \$483.5 millions ont été empruntés en vertu de l'article 13 de la Loi sur le crédit agricole, et \$6.0 millions en vertu de l'article 8 de la Loi sur le crédit aux syndicats agricoles.

Loan Repayments by Farmers

The Corporation received \$111.9 million in loan payments from farmers during the year, a decrease of \$15.0 million from the \$126.9 million received during the previous year. The total received includes repayments and prepayments of principal amounting to \$110.8 million, as well as a \$1.1 million increase in the amount held on behalf of farmers for the payment of future instalments.

The decline in loan payments is due mainly to a reduction of the prepayments received from farmers, that is, the payment of amounts not due. This reflects a reduction of both the capacity and inclination of farmers to prepay their loans because of the adverse economic conditions which prevailed during the year.

Results of Operations

The Corporation earned net income of \$3.5 million before income tax during the year. After the provision for income tax, a net income of \$1.9 million was earned, compared to \$4.2 million earned the previous year. The net income for the year has been credited to retained earnings increasing the balance in this account to \$10.9 million. Under the provisions of Section 15 of the Farm Credit Act, the Corporation may retain its net earnings up to the amount of its capital.

The \$2.3 million decrease in net income is due primarily to the adverse economic conditions experienced during the year. Interest rates rose rapidly, and remained at extraordinarily high levels during most of the year. As a result of these conditions, some of the Corporation's interest margin was eroded and a significant increase in the charge against operations was required to reflect a higher level for doubtful accounts.

Gross income was \$36.5 million for the year, \$3.6 million more than the \$32.9 million earned the year before. Of the total increase, \$1.7 million was due to an increase in interest margin and \$1.9 million was due primarily to an increase in investment income.

When interest rates were rising rapidly during the year, the Corporation's interest margin was eroded because many loans approved in one interest period had to be disbursed in another, using more costly funds. Furthermore, when interest rates remained at extraordinarily high levels and farmers were unable to pay their loan instalments, these amounts also had to be financed using more costly funds. Because of the erosion of the interest margin this year, it now represents only .89 per cent of the mean principal outstanding compared to .92 per cent for the previous year.

Administrative expenses were \$33.0 million for the year, compared to \$25.2 million the previous year. Of the \$7.8 million increase, \$5.0 million is due to the increase in the provision for doubtful accounts and the remaining \$2.8 million is due primarily to inflation.

Prêts remboursés par les agriculteurs

Au cours de l'exercice, la Société a reçu des remboursements de prêts de ses emprunteurs totalisant \$111.9 millions, soit \$15.0 millions de moins que les \$126.9 millions remboursés au cours de l'année précédente. Ce montant comprend les paiements échus et les paiements de principal par anticipation qui totalisaient \$110.8 millions, ainsi qu'une augmentation de \$1.1 millions au titre des fonds conservés pour le compte des emprunteurs aux fins de versements futurs.

La chute des remboursements de prêts est attribuable principalement à une réduction des paiements par anticipation reçus des agriculteurs, c'est-à-dire des sommes versées avant l'échéance. Cette baisse montre que les agriculteurs ont une moins grande capacité à rembourser leurs prêts par anticipation, et sont moins portés à le faire, à cause des conditions économiques difficiles qui ont caractérisé l'année 1981-1982.

Résultats d'exploitation

La Société a réalisé au cours de l'année un bénéfice net de \$3.5 millions avant imputation de l'impôt sur le revenu. Le revenu net, après imputation des impôts, s'est établi à \$1.9 millions, comparativement à \$4.2 millions l'année précédente. Par ailleurs, le revenu net de l'année a été crédité au compte des bénéfices non répartis, augmentant du même coup le solde de ce compte à \$10.9 millions. Selon les dispositions de l'article 15 de la Loi sur le crédit agricole, la Société peut conserver ses bénéfices nets jusqu'à concurrence du montant de son capital.

La chute de \$2.3 millions de revenu net découle principalement de la conjoncture économique difficile que l'on a connue cette année. Les taux d'intérêt, après une escalade rapide, sont demeurés à des niveaux particulièrement élevés pendant la majeure partie de l'année. En conséquence, la marge d'intérêt de la Société a diminué et il a fallu augmenter considérablement les frais imputés à l'exploitation afin de refléter un niveau plus élevé des créances douteuses.

Cette année, la Société a réalisé des revenus bruts de \$36.5 millions, soit \$3.6 millions de plus que les \$32.9 millions réalisés l'an dernier. Cette augmentation est attribuable à une plus grande marge d'intérêt, dans une proportion de \$1.7 millions, tandis que l'autre tranche de \$1.9 millions provient d'une hausse des revenus d'investissement.

Selected Financial Indicators

Indicateurs financiers choisis

	1977-78	1978-79	1979-80	1980-81	1981-82
Debt to Equity Ratio (Long-term debt ÷ Equity) Ratio du passif à l'avoir net (passif à long terme ÷ avoir net)	25.87:1	25.26:1	24.65:1	24.03:1	23.98:1
Asset Coverage Ratio (Net tangible assets ÷ Long-term debt) Ratio de couverture de l'actif (actif corporel net ÷ passif à long terme)	1.04:1	1.04:1	1.04:1	1.05:1	1.05:1
Interest Coverage Ratio (Total income less operating expenses ÷ Interest expense) Ratio de couverture de l'intérêt (revenu total moins dépenses d'exploitation ÷ dépenses en intérêt)	1.006:1	1.013:1	1.027:1	1.030:1	1.011:1
Profit Margin (Net income ÷ Revenues) Marge bénéficiaire (bénéfice net ÷ revenus)	.28%	.66%	1.33%	1.44%	.55%
Return on Equity (Net income ÷ Average equity) Rendement de l'avoir net (bénéfice net ÷ avoir net moyen)	.56%	1.37%	2.79%	3.16%	1.28%
Return on Contributed Capital (Net income ÷ Average contributed capital) Rendement du capital souscrit (bénéfice net ÷ capital contribué souscrit)	.55%	1.38%	2.87%	3.33%	1.37%
Cost of Borrowing (Interest expense ÷ Average loans from Canada) Coût d'emprunt (frais d'intérêt ÷ prêts moyens auprès du Canada)	7.18%	7.45%	7.70%	8.18%	8.88%



Toutefois, en raison de l'escalade rapide des taux d'intérêt, la marge d'intérêt de la Société s'est éfratée et ne représente plus que .89 pour cent du principal moyen à recevoir comparativement à .92 pour cent l'année précédente. En effet, la Société a approuvé de nombreux prêts qu'elle a dû déboursier au cours de la période d'intérêt suivante alors que ses coûts d'emprunt avaient augmenté. En outre, comme les taux d'intérêt sont demeurés à des niveaux sans précédent, les agriculteurs ont eu certaines difficultés à faire leurs paiements et la Société a dû également financer ce manque à payer au moyen de fonds plus chers.

D'autre part, les dépenses administratives ont augmenté de \$7.8 millions, passant de \$25.2 millions l'année précédente, à \$33.0 millions cette année. On peut attribuer \$5.0 millions de cette augmentation à une progression de la provision pour créances douteuses et les \$2.8 millions qui restent principalement à l'inflation.

At \$1.9 million, the Corporation's net income reflects a return on contributed capital of 1.37 per cent compared to 3.33 per cent for the previous year. This result represents a temporary setback to the Corporation in the attainment of its objective of earning over time a return on contributed capital equal to its cost of borrowing. This objective was adopted as a result of the introduction of the Guidelines for the Financing of Crown Corporations by the Comptroller General of Canada in September 1980.

Although net income was earned during the year, there was a \$21.7 million net outflow of funds from operations. This cash deficit is the result of the excess of the cash outflow in the form of interest and administrative expenses over the cash inflow in the form of interest and other revenues. The most significant factor contributing to this cash deficit is the \$18.1 million increase in interest due but not paid by farmers.

Repayment of Borrowings (and Others)

During the year \$23.5 million in borrowings was repaid to Canada and \$1.5 million, the remainder of the funds applied, is accounted for by the net changes in other assets and liabilities.

Loan Disbursements to Farmers

During the year the Corporation disbursed \$427.8 million in net loans to farmers, an increase of \$45.1 million over the \$382.7 million disbursed the previous year. These net loan disbursements, together with the \$48.9 million in existing loans that were refinanced, resulted in gross loan disbursements totalling \$476.7 million for the year.

Of the net loan disbursements, \$422.2 million was disbursed under the Farm Credit Act, \$34.6 million of which was disbursed for the purposes of the Special Farm Financial Assistance Program which is administered under this Act. The \$5.6 million remainder was disbursed under the Farm Syndicates Credit Act.

Disbursement of the total \$45.5 million in net loans approved under the Special Farm Financial Assistance Program was not possible due to the timing of its introduction and the administrative complexities of disbursing mortgage loans to the eligible farmers, all of whom were in severe financial difficulty. It is expected that the \$10.9 million remaining to be disbursed, the funds for which are included in the cash on hand at year-end, will be disbursed early in the new year.

Le niveau de bénéfice net, à \$1.9 millions, reflète un rendement sur le capital d'apport de 1.37 pour cent, comparativement à 3.33 pour cent l'année précédente. Ce résultat représente donc un recul temporaire dans la réalisation de l'objectif de la Société qui est d'obtenir éventuellement un rendement sur son capital d'apport égal au coût de ses emprunts. Cet objectif avait été adopté afin de se conformer aux principes directeurs en matière de financement des sociétés de la Couronne préparés par le Vérificateur général du Canada en septembre 1980.

Enfin, même si la Société a réalisé un bénéfice net au cours de l'exercice, ses activités ont engendré une sortie nette de fonds de \$21.7 millions. Ce déficit de caisse découle de l'excédent des sorties monétaires sous forme d'intérêt et de dépenses administratives par rapport aux recettes sous forme d'intérêt et d'autres revenus. Ce déficit de caisse est principalement attribuable à l'augmentation de \$18.1 millions au titre des intérêts échus mais impayés par les agriculteurs.

Remboursements au Canada (et autres)

Au cours de l'exercice, la Société a remboursé \$23.5 millions de ses emprunts au Canada. Le solde de \$1.5 millions à ce poste représente l'évolution nette des autres éléments d'actif et passif.

Prêts déboursés aux agriculteurs

La Société a déboursé \$427.8 millions en prêts nets aux agriculteurs, ce qui représente une augmentation de \$45.1 millions par rapport aux \$382.7 millions déboursés l'année précédente. Ces déboursés nets de prêts, auxquels s'ajoutent les \$48.9 millions en prêts actifs refinancés, arrivent le déboursement brut total de l'année à \$476.7 millions.

Les déboursés nets de prêts se répartissent comme suit: \$422.2 millions sous le régime de la Loi sur le crédit agricole, \$34.6 millions dans le cadre du Programme spécial d'aide financière à l'agriculture qui relève de cette même loi, et \$5 millions sous le régime de la Loi sur le crédit aux syndicats agricoles.

Il a été impossible de déboursier en entier les \$45.5 millions en prêts nets approuvés dans le cadre du Programme spécial d'aide financière à l'agriculture en raison de la date tardive de son introduction et des problèmes administratifs qui entourent le déboursement de prêts hypothécaires à des agriculteurs aux prises avec de sérieuses difficultés financières. Il est prévu que \$10.9 millions encore à déboursier, qu'on a par ailleurs inclus dans l'encaisse en fin d'année, seront déboursés au début de la nouvelle année.

Loans Disbursed to March 31, 1982 Prêts déboursés au 31 mars 1982

Farm Credit Act (including the Canadian Farm Loan Act)

Loi sur le crédit agricole (inclut la Loi sur le prêt agricole canadien)

	1980-81		1981-82		January 1929- March 31, 1982 Janvier 1929- 31 mars 1982	
	Number Nombre	Amount \$ Montant \$	Number Nombre	Amount \$ Montant \$	Number Nombre	Amount \$ Montant \$
British Columbia Colombie-Britannique	155	18,763,489	147	18,755,570	8,721	250,120,026
Alberta	608	70,298,472	701	73,409,369	42,648	1,161,661,616
Saskatchewan	1,330	128,260,817	1,152	107,578,352	57,769	1,593,143,635
Manitoba	470	48,382,966	442	46,211,898	20,364	554,719,271
Ontario	1,024	133,015,015	1,112	127,969,791	45,026	1,652,821,367
Quebec/Québec	704	79,263,009	782	78,208,772	29,364	931,824,154
New Brunswick Nouveau-Brunswick	100	8,914,024	96	8,516,881	3,653	77,500,819
Nova Scotia Nouvelle-Écosse	13	1,457,412	5	408,818	2,328	23,536,997
Prince Edward Island Île-du-Prince-Édouard	107	8,714,215	110	8,929,236	4,168	70,145,667
Newfoundland Terre-Neuve	14	1,637,221	12	1,102,109	188	12,292,227
Canada	4,525	498,706,640	4,559	471,090,796	214,229	6,327,765,779

Farm Syndicates Credit Act

Loi sur le crédit aux syndicats agricoles

	1980-81		1981-82		December 1964- March 31, 1982 Décembre 1964- 31 mars 1982	
	Number Nombre	Amount \$ Montant \$	Number Nombre	Amount \$ Montant \$	Number Nombre	Amount \$ Montant \$
British Columbia Colombie-Britannique	1	18,123	—	32,543	43	740,694
Alberta	27	564,286	27	868,617	757	10,773,493
Saskatchewan	11	382,849	14	430,353	176	2,686,665
Manitoba	41	857,146	26	601,415	503	8,742,103
Ontario	35	1,064,803	38	1,198,720	591	12,262,261
Quebec/Québec	59	2,162,271	63	2,333,423	503	10,519,678
New Brunswick Nouveau-Brunswick	1	15,900	5	157,750	16	358,232
Nova Scotia Nouvelle-Écosse	1	12,000	—	—	15	202,807
Prince Edward Island Île-du-Prince-Édouard	—	—	—	—	24	416,030
Newfoundland Terre-Neuve	1	79,300	—	—	3	158,300
Canada	177	5,156,678	173	5,622,821	2,631	46,860,263

**Loans Outstanding as at
March 31, 1982**

**Prêts arrêtés au
31 mars 1982**

		Principal			
	Number Nombre	Due Échu \$	Not Due Non échu \$	Total \$	Due Échu \$
F.C.A. Loans					
British Columbia	2,322	361,789	124,934,695	125,296,484	1,378,222
Alberta	14,977	2,816,433	637,474,766	640,291,199	7,719,542
Saskatchewan	21,482	2,101,679	951,175,818	953,277,497	7,555,156
Manitoba	7,359	947,783	340,646,470	341,594,253	4,859,482
Ontario	17,355	2,675,791	1,010,964,206	1,013,639,997	11,807,362
Quebec	7,618	2,104,092	448,302,609	450,406,701	5,248,672
New Brunswick	792	200,688	42,326,777	42,527,465	490,212
Nova Scotia	166	56,620	7,110,801	7,167,421	236,852
Prince Edward Island	888	87,814	37,243,666	37,331,480	398,112
Newfoundland	83	77,787	6,697,912	6,775,699	113,752
Canada	73,042	11,430,476	3,606,877,720	3,618,308,196	39,807,402
F.S.C.A. Loans					
British Columbia	9	892	138,226	139,118	29,362
Alberta	149	89,464	2,275,722	2,365,186	29,362
Saskatchewan	60	16,878	1,131,771	1,148,649	94,702
Manitoba	209	148,313	2,709,258	2,857,571	45,702
Ontario	225	117,603	3,747,328	3,864,931	37,562
Quebec	236	66,319	5,499,058	5,565,377	21,372
New Brunswick	9	12,790	211,018	223,808	3,772
Nova Scotia	3	—	66,875	66,875	—
Prince Edward Island	9	21,065	80,609	101,674	11,362
Newfoundland	3	90	120,762	120,852	—
Canada	912	473,414	15,980,627	16,454,041	150,362
F.C.A. Agreements for Sale					
British Columbia	6	20	103,769	103,789	—
Alberta	24	18,130	659,368	677,498	33,612
Saskatchewan	3	1,072	136,842	137,914	22,112
Manitoba	9	40	557,782	557,822	1,602
Ontario	121	23,392	6,204,152	6,227,544	193,912
Quebec	31	650	1,111,007	1,111,657	4,912
New Brunswick	5	1,866	110,372	112,238	5,112
Nova Scotia	2	—	85,780	85,780	—
Prince Edward Island	6	—	282,408	282,408	—
Newfoundland	2	4,218	105,641	109,859	10,512
Canada	209	49,388	9,357,121	9,406,509	267,212
S.F.D.P. Agreements for Sale					
British Columbia	5	18	69,765	69,783	—
Alberta	157	14,708	2,025,967	2,040,675	18,212
Saskatchewan	198	17,406	3,124,664	3,142,070	45,112
Manitoba	79	4,661	1,200,176	1,204,837	15,812
Ontario	10	5	123,324	123,329	—
Quebec	8	2,069	71,771	73,840	—
New Brunswick	6	6	70,633	70,639	—
Nova Scotia	2	446	20,009	20,455	1,012
Prince Edward Island	9	665	93,108	93,773	7,112
Newfoundland	—	—	—	—	—
Canada	474	39,984	6,799,417	6,839,401	81,112
TOTAL	74,637	11,993,262	3,639,014,885	3,651,008,147	40,306,112

Interest – Intérêt					
Not Due Non échu \$	Total \$	Other Charges Autres frais \$	Instalment Prepayments Versements anticipés \$	Net Total Total net \$	
Prêts L.C.A.					
5,745,578	7,123,809	17,705	(2,220,412)	130,217,586	Colombie-Britannique
38,755,129	46,474,670	116,688	(4,512,577)	682,369,980	Alberta
59,187,721	66,742,877	104,279	(3,844,429)	1,016,280,224	Saskatchewan
16,755,356	21,614,839	55,506	(2,517,962)	360,746,636	Manitoba
37,930,802	49,738,184	434,586	(11,371,059)	1,052,441,708	Ontario
18,159,044	23,407,717	264,957	(1,501,286)	472,578,089	Québec
1,932,725	2,422,943	62,905	(380,617)	44,632,696	Nouveau-Brunswick
236,490	473,343	1,808	(120,938)	7,521,634	Nouvelle-Écosse
1,778,543	2,176,654	14,755	(389,925)	39,132,964	Île-du-Prince-Édouard
271,269	385,028	2,900	(128,313)	7,035,314	Terre-Neuve
180,752,657	220,560,064	1,076,089	(26,987,518)	3,812,956,831	Canada
Prêts L.C.S.A.					
7,502	7,798	—	(1,830)	145,086	Colombie-Britannique
181,089	210,426	(2,232)	(33,051)	2,540,329	Alberta
84,954	85,903	—	(48)	1,234,504	Saskatchewan
179,838	225,577	24	(21,982)	3,061,190	Manitoba
169,228	206,788	36	(23,998)	4,047,757	Ontario
318,571	339,942	140	(19,258)	5,886,201	Québec
9,978	13,749	161	(1,368)	236,350	Nouveau-Brunswick
5,317	5,317	—	(12)	72,180	Nouvelle-Écosse
4,656	15,995	—	(8)	117,661	Île-du-Prince-Édouard
4,631	4,631	—	(13,103)	112,380	Terre-Neuve
965,764	1,116,126	(1,871)	(114,658)	17,453,638	Canada
Contrats de vente L.C.A.					
3,011	3,011	—	—	106,800	Colombie-Britannique
45,765	79,379	5	(893)	755,989	Alberta
6,515	28,628	1,069	—	167,611	Saskatchewan
43,921	45,522	—	(1,851)	601,493	Manitoba
297,552	491,479	6,622	(14,671)	6,710,974	Ontario
53,588	58,518	41	(96)	1,170,120	Québec
10,031	10,593	630	—	123,461	Nouveau-Brunswick
2,698	2,698	—	(451)	88,027	Nouvelle-Écosse
24,820	24,832	1,378	—	308,618	Île-du-Prince-Édouard
2,972	13,476	—	—	123,335	Terre-Neuve
490,873	758,136	9,745	(17,962)	10,156,428	Canada
Contrats de vente P.D.P.F.					
3,351	3,351	—	(3,644)	69,490	Colombie-Britannique
110,688	128,929	346	(8,330)	2,161,620	Alberta
164,717	209,868	410	(10,757)	3,341,591	Saskatchewan
49,547	65,408	159	(2,781)	1,267,623	Manitoba
4,204	4,204	—	(819)	126,714	Ontario
2,493	2,521	—	(23)	76,338	Québec
3,556	3,556	—	(30)	74,165	Nouveau-Brunswick
464	1,534	—	—	21,987	Nouvelle-Écosse
3,657	4,446	58	(37)	98,242	Île-du-Prince-Édouard
—	—	—	—	—	Terre-Neuve
342,677	423,817	973	(26,421)	7,237,770	Canada
182,551,971	222,858,143	1,084,936	(27,146,559)	3,847,804,667	TOTAL

Administrative and Personnel Operations

The operations of Farm Credit Corporation Canada are carried out at its Head Office and seven regions. Some 194 credit advisors and 31 district supervisors work out of 103 offices in agricultural communities. Total staff numbered 585 at year-end, a decrease of 20 from 1980-81. Last fall the Alberta regional office at Edmonton moved to its new headquarters in the Continental Bank Building.

In June 1981, a conference of personnel representatives from the regions and Head Office was held in Ottawa. Recommendations were made for the extension of training activities for administrative support staff, a more intensive program of credit advisor indoctrination and the establishment of guidelines for training and development expenditures.

The Corporation's in-house language training program has continued to provide upgrading for 16 French language and eight English language students. Bilingual bonuses were granted to 123 employees. There were five employees on educational leave during part of the year, but due to cost restraints, no new applications will be accepted for this assistance until the next fiscal year.

The staffing activity remained high with 88 actions undertaken, most of which were internal promotions. In addition to economic salary adjustments on January 1, 1982, performance increments and bonuses were granted to deserving employees in recognition of performance as assessed within the guidelines of FCC's goal setting policy.

Employee benefits are monitored on a regular basis in order to provide staff with an attractive benefit package. As a result, benefits were extended in the Accident Insurance, Life Insurance and Disability Insurance programs.

The timetable to install data processing services in regional offices was advanced by one year. Beginning in August, regions will have an on-line inquiry, data entry and reporting system to run on a remote network at terminals across the country. This system will be supported by the central mainframe which will provide national updating and reporting and will enhance operational controls for lending, loan accounts and other auxiliary services. Corporate information stored on the Head Office computer will be concurrently available to regions on demand.

Activités administratives et du personnel

La Société du crédit agricole Canada dirige ses activités à partir de son Siège social à Ottawa et de sept bureaux régionaux. Elle compte quelque 194 conseillers en crédit et 31 surveillants de district, répartis dans 103 bureaux de campagne qu'on retrouve dans les principales localités agricoles. Son effectif total s'établissait à 585 personnes à la fin de l'exercice, soit 20 de moins qu'en 1980-1981. L'automne dernier, le bureau régional de l'Alberta, à Edmonton, emménagea dans ses nouveaux locaux à l'édifice de la Banque continentale.

En juin 1981, une conférence des représentants du personnel des régions et du Siège social s'est déroulée à Ottawa. Plusieurs recommandations ont été faites à cette occasion, touchant notamment l'élargissement des activités de formation du personnel de soutien administratif, un programme plus complet d'initiation au travail des nouveaux conseillers en crédit et l'élaboration de lignes directrices sur les dépenses de formation et de perfectionnement.

La Société a poursuivi son programme interne de formation linguistique, auquel ont participé seize étudiants de langue française et huit étudiants de langue anglaise. Un total de 123 employés ont reçu des primes au bilinguisme. D'autre part, cinq employés ont passé une partie de l'année en congé d'études, mais la Société a dû reporter l'octroi de nouveaux congés d'études à la prochaine année financière en raison de restrictions budgétaires.

Le nombre de décisions de dotation est demeuré élevé avec 88 interventions, dont la plupart étaient des promotions internes. Les employés ont bénéficié d'une majoration de leur traitement le 1^{er} janvier 1982. En outre, la Société a accordé des augmentations et des primes à ses employés les plus méritants en guise de reconnaissance de leur rendement qui est évalué dans le cadre de sa politique de fixation des objectifs de travail.

La Société évalue régulièrement les avantages sociaux qu'elle offre à ses employés afin de leur assurer le meilleur programme possible. C'est ainsi qu'elle a amélioré ses programmes d'assurance-accident, d'assurance-vie et d'assurance-invalidité.

Par ailleurs, elle a décidé de devancer d'un an le calendrier d'installation d'un service de traitement des données dans ses bureaux régionaux. À la fin août, les régions disposeront d'un système direct d'interrogation, d'accès et de rapport informatique par le biais d'un réseau national de terminaux. Le point d'appui du système sera l'ordinateur central du Siège social, qui assurera un service de mise à jour et de rapport au niveau national. Il permettra, en outre, d'améliorer les contrôles opérationnels des activités de prêt, les comptes de prêt et d'autres services auxiliaires. Les données emmagasinées dans l'ordinateur du Siège social deviendront donc accessibles aux régions sur demande.

Chairmen of Appeal Boards

British Columbia: E.T. (Ted) Osborn
Alberta: Gordon Miller
Saskatchewan: Enos Sproat
Manitoba: Robert W. Hopley
Ontario: Harold H. Schmidt
Quebec: Robert Brochu
New Brunswick: W. Burris Coburn
Nova Scotia: Thomas Meredith
Prince Edward Island: Wilbert MacKenzie
Newfoundland: Colin Bull

Appeal Boards composed of practical farmers of proven ability and judgement are established in each Region to hear appeals from farmers who are not satisfied with the Corporation's decision on any loan application.

Présidents des Commissions d'appel

Colombie-Britannique: E.T. (Ted) Osborn
Alberta: Gordon Miller
Saskatchewan: Enos Sproat
Manitoba: Robert W. Hopley
Ontario: Harold H. Schmidt
Québec: Robert Brochu
Nouveau-Brunswick: W. Burris Coburn
Nouvelle-Écosse: Thomas Meredith
Île-du-Prince-Édouard: Wilbert MacKenzie
Terre-Neuve: Colin Bull

Des Commissions d'appel, composées d'un groupe impartial d'agriculteurs compétents, sont établies dans le territoire de chaque région pour entendre les appels logés par les agriculteurs qui ne sont pas satisfaits de la décision rendue par la Société à l'égard de toute demande d'emprunt.

Members of the Advisory Committee

British Columbia: Mel Kawano
Alberta: Walter H. Olson
Saskatchewan: Jean-Marie Bourrée
Manitoba: George Vercaigne
Ontario: Ron Oswald
Ontario: Brenda McIntosh
Quebec: Jean-Paul Corriveau
Quebec: Robert Younge
New Brunswick: <i>vacant</i>
Prince Edward Island: Winston Cousins

The Advisory Committee is appointed by the Minister of Agriculture to provide advice to him or the Corporation on matters referred to it. The majority of the members must be farmers or representatives of farm organizations.

Membres du Comité consultatif

Colombie-Britannique: Mel Kawano
Alberta: Walter H. Olson
Saskatchewan: Jean-Marie Bourrée
Manitoba: George Vercaigne
Ontario: Ron Oswald
Ontario: Brenda McIntosh
Québec: Jean-Paul Corriveau
Québec: Robert Younge
Nouveau-Brunswick: <i>vacant</i>
Île-du-Prince-Édouard: Winston Cousins

Le Comité consultatif est nommé par le Ministre de l'Agriculture et est chargé de conseiller la Société et celui-ci sur toutes questions qui lui sont déferées. La majorité des membres doivent être des agriculteurs ou des représentants d'organismes agricoles.

Members of the Corporation

Membres de la Société



Chairman: *vacant*

Vice-Chairman: Paul Babey

Member: Lorne Conrad

Member: Gerald I. Trant

Member: Carol Teichrob

Secretary to the Corporation: W. Ralph deGruchy

Président: *vacant*

Vice-président: Paul Babey

Membre: Lorne Conrad

Membre: Gerald I. Trant

Membre: Carol Teichrob

Secrétaire de la Société: W. Ralph deGruchy

Head Office

Siège social

Chief Executive Officer: *vacant*

Vice-Chairman: Paul Babey

Legal Counsel: Jean-E. Brassard

Director, Administrative and Personnel Services: W. Ralph deGruchy

Director, Lending Operations: Gordon Hollingshead

Director, Economics and Liaison Services: Terry Kremeniuk

Executive Assistant: *vacant*

Comptroller-Treasurer: Bill Mann

Director, Information and Public Relations Services: Louise Neveu

Chief Accountant: George Pender

Director, Operational Audit Services: (Acting) Rick Jarvin

Principal fonctionnaire exécutif: *vacant*

Vice-président: Paul Babey

Conseiller juridique: Jean-E. Brassard

Directeur, Services administratifs et du personnel: W. Ralph deGruchy

Directeur, Opérations des prêts: Gordon Hollingshead

Directeur, Services d'économie et de liaison: Terry Kremeniuk

Adjoint exécutif: *vacant*

Contrôleur-trésorier: Bill Mann

Directrice, Services d'information et de relations publiques: Louise Neveu

Comptable en chef: George Pender

Directeur, Vérifications opérationnelles: (Par interim) Rick Jarvin

Regional Offices

Bureaux régionaux

Regional Offices Bureaux régionaux	Managers Gérants	District Offices Bureaux de district	Field Offices Bureaux de campagne
British Columbia/ Colombie-Britannique	Jack Cardiff 595 K.L.O. Road Kelowna, V1Y 8E7 (604) 762-2416	Kelowna	Abbotsford, Dawson Creek, Summerland
Alberta	George Jones Suite 1550 Continental Bank Building 10250-101 Street Edmonton, T5J 3P4 (403) 420-6751	Calgary, Edmonton, Grande Prairie, Lethbridge, Red Deer, Vegreville	Athabasca, Barrhead, Brooks, Camrose, Drumheller, Evansburg, Fairview, Falher, Hanna, Lacombe, Medicine Hat, Peace River, Redwater, Stettler, St. Paul, Vermillion, Wainwright, Westlock, Wetaskiwin
Saskatchewan	Dave Fraser 500 South Broad Plaza, 2045 Broad Street Regina, S4P 2B7 (306) 359-5610	North Battleford, Prince Albert, Regina, Saskatoon, Swift Current, Yorkton	Assiniboia, Carlyle, Humboldt, Kindersley, Meadow Lake, Moose Jaw, Rosetown, Tisdale, Weyburn, Wynyard
Manitoba	Brian Strom, 400-5 Donald Street Winnipeg, R3L 2T4 (204) 949-4039	Brandon, Portage la Prairie, Winnipeg	Arborg, Carman, Dauphin, Killarney, Morden, Neepawa, Swan River, Virden
Ontario	Stewart Given 105 Silvercreek Parkway N., Guelph, N1H 7G7 (519) 821-1330	Chatham, Guelph, Lindsay, North Bay, Nepean, Walkerton, Woodstock	Barrie, Campbellford, Cornwall, Essex, Goderich, Kingston, Lambeth, Listowel, New Liskeard, Owen Sound, Simcoe, Stratford, Vineland Station, Wyoming
Quebec/Québec	Fabien Langlois Édifice Champlain Suite 2000 2700, boulevard Laurier Ste-Foy, G1V 4C7 (418) 694-3993	Québec, Rimouski, St-Hyacinthe, St-Jean, St-Jérôme, Sherbrooke, Trois-Rivières	Arthabaska, Drummondville, Granby, Hull, Joliette, Rivière-du-loup, Roberval, St-Georges de Beauce, Valleyfield, Ville-Marie
Atlantic/ Atlantique	Bob Aumell 1133 St. George Boulevard Moncton, E1C 8N6 (506) 388-6595	Charlottetown, Moncton	Fredericton, Grand Falls, Kentville, St. John's, Sussex, Truro, Woodstock



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Financial statements for the year ended March 31, 1982



Farm Credit Corporation
Canada

Société du crédit agricole
Canada



Auditor's Report

The Honourable Eugene Francis Whelan, P.C., M.P.
Minister of Agriculture

I have examined the balance sheet of Farm Credit Corporation as at March 31, 1982 and the statements of operations and retained earnings, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Corporation as at March 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

A handwritten signature in dark ink, appearing to read "Kenneth W. G. S.", is positioned above the title of the Auditor General of Canada.

Auditor General of Canada

Ottawa, Ontario
June 9, 1982

Farm Credit Corporation
(Established by the Farm Credit Act)

Balance Sheet
as at March 31, 1982

(in thousands of dollars)

	1982	19
Assets		
Cash	\$ 12,377	\$ 3,3
Accounts receivable	109	
Loans to farmers, secured by mortgages (Note 3)	3,812,957	3,452,2
Loans to farm syndicates, secured by notes (Note 3)	17,454	14,6
Agreements for sale (Note 3)	17,394	15,0
	<u>3,847,805</u>	<u>3,482,0</u>
Less: Allowance for doubtful accounts	11,010	5,3
	<u>3,836,795</u>	<u>3,476,6</u>
Real estate (Note 4)	3,327	1,9
Fixed assets (Note 5)	1,289	1,0
	<u><u>\$3,853,897</u></u>	<u><u>\$3,483,0</u></u>
Liabilities		
Accounts payable and accrued liabilities	\$ 2,622	\$ 1,7
Due to Canada (Note 6)	232	1
Fire insurance recoveries and other deposits	1,046	1,6
Provision for employee termination benefits	2,017	1,9
Deferred income taxes	7,932	6,3
Canada loans (Note 7)	<u>3,686,328</u>	<u>3,332,4</u>
	<u>3,700,177</u>	<u>3,344,3</u>
Equity of Canada		
Contributed capital (Note 8)	142,848	129,7
Retained earnings (Note 9)	10,872	9,0
	<u>153,720</u>	<u>138,7</u>
	<u><u>\$3,853,897</u></u>	<u><u>\$3,483,0</u></u>

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Corporation:

Paul Babey

Vice-Chairman

G. I. Lantz

Member

Statement of Operations and Retained Earnings for the year ended March 31, 1982

(in thousands of dollars)

	1982	1981
Income		
Interest earned on loans to farmers	\$333,675	\$283,833
Deduct: Interest on loans from Canada	302,736	254,580
Interest margin	30,939	29,253
Fees earned	1,037	964
Other interest income and service charges	4,546	2,677
Gross income	36,522	32,894
Expenses		
Salaries and employee benefits	18,626	16,764
Provision for doubtful accounts	8,711	3,725
Office accommodation	1,831	1,501
Travel	1,788	1,510
Telephone	459	375
Rental and maintenance of office equipment	393	325
Printing, stationery and office supplies	329	315
Depreciation	180	166
Postage and delivery	162	132
Miscellaneous	582	393
	33,061	25,206
Net income before income taxes	3,461	7,688
Deferred income taxes	1,592	3,536
Net income (Note 9)	1,869	4,152
Retained earnings, beginning of year	9,003	4,851
Retained earnings, end of year (Note 9)	\$ 10,872	\$ 9,003

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Financial Position for the year ended March 31, 1982

(in thousands of dollars)

	1982	1981
Funds provided		
From Canada:		
Gross borrowings	\$489,506	\$398,599
Less: Principal refinanced	131,027	133,155
	<u>358,479</u>	<u>265,444</u>
Capital contributed	13,148	10,400
	<u>371,627</u>	<u>275,844</u>
From farmers:		
Repayments and prepayments of principal	110,801	123,699
Increase in amount held for future instalments	1,067	3,165
	<u>111,868</u>	<u>126,864</u>
	<u>483,495</u>	<u>402,699</u>
Funds applied		
To operations:		
Net income	(1,869)	(4,155)
Items not involving cash:		
Depreciation, deferred taxes and allowances	(7,492)	(6,100)
Increase in interest due from farmers	18,110	5,375
Net changes in accrued interest	8,171	9,515
Interest refinanced and fees paid from loan funds	4,737	7,445
	<u>21,657</u>	<u>12,080</u>
To farmers:		
Gross loan disbursements	476,714	503,865
Less: Amount refinanced	47,091	119,525
	<u>429,623</u>	<u>384,340</u>
Less: Fees and interest paid from loan funds	1,814	1,585
	<u>427,809</u>	<u>382,745</u>
Repayment of borrowings from Canada	23,456	5,525
Net changes in other assets and liabilities	1,532	1,015
	<u>474,454</u>	<u>401,365</u>
Increase in cash	9,041	1,330
Cash at beginning of year	3,336	2,006
Cash at end of year	<u>\$ 12,377</u>	<u>\$ 3,336</u>

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

March 31, 1982

1 Corporate objectives

The Farm Credit Corporation was established on October 5, 1959, by the Farm Credit Act as the successor to the Canadian Farm Loan Board. The Corporation's prime objective is to assist Canadian farmers to establish and develop viable farm enterprises through the use of long-term credit as provided for by the Farm Credit Act.

The Corporation also administers the lending program authorized under the Farm Syndicates Credit Act which was originally introduced as the Farm Machinery Syndicates Credit Act on December 11, 1964. It provides for loans to groups or syndicates of farmers organized to share in the purchase and use of farm machinery, buildings and installed equipment.

2 Significant accounting policies

Allowance for doubtful accounts

The allowance for doubtful accounts relates to loans to farmers, loans to farm syndicates and agreements for sale. This allowance represents the Corporation's estimate of future probable losses on the accounts outstanding at March 31, 1982.

Actual losses on loans, recoveries on loans and the changes in the allowance are recorded in the statement of operations and retained earnings as a provision for doubtful accounts.

Revenue recognition

Interest on loans to farmers, loans to farm syndicates and agreements for sale is recorded as income on an accrual basis.

Appraisal fees relating to loan applications are recorded as income when received. Appraisal fees withheld from loan funds are recorded as income at the time the loans are disbursed.

Partial discharge fees are recorded as income when the discharge occurs.

Service charges earned on loans to farm syndicates are recorded as income when loans are disbursed.

Fixed assets

Fixed assets are recorded at cost. Leasehold improvements are amortized using the straight-line method over the term of the lease and one renewal period. Other fixed assets are depreciated using the diminishing balance method at annual rates of 20% for furniture and equipment and 30% for automobiles.

Income taxes

The Corporation records income taxes on the tax allocation basis which recognizes the income tax effect on transactions when they are recorded in accounting income, regardless of when such items are recognized for tax purposes. Deferred income taxes result primarily from the timing difference between the provision for doubtful accounts charged to operations and the amount claimed for tax purposes with respect to mortgage reserves deducted under section 33 of the Income Tax Act.

3 Long-term receivables

Outstanding amounts are receivable over periods of up to thirty years at interest rates in effect at the time of approval

	Period not exceeding	Annual interest rate %	Outstanding amount (in thousands of dollars)	
			1982	198
Loans to farmers	30 years	5 – 16 3/4	\$3,812,957	\$3,452,25
Loans to farm syndicates	15 years	6 1/4 – 17 1/2	17,454	14,66
Agreements for sale	30 years	5 – 16 3/4	17,394	15,08
			<u>\$3,847,805</u>	<u>\$3,482,00</u>

Agreements for sale of \$17,394,000 (1981 – \$15,084,000) consists of \$10,156,000 (1981 – \$7,278,000) pertaining to agreements for sale and mortgages arising from sales of real estate under the Farm Credit Act and \$7,238,000 (1981 – \$7,806,000) pertaining to agreements for sale under the Small Farm Development Program.

A summary of long-term receivables in the aggregate, by annual interest rate and fiscal year of maturity, is as follows:

Annual interest rate %	Total	Maturities by fiscal year (in thousands of dollars)					198 through 201
		1983	1984	1985	1986	1987	
5 – 5 7/8	\$ 206,263	\$ 22,406	\$15,596	\$15,627	\$15,585	\$ 15,442	\$ 121,60
6 – 6 7/8	238,565	19,523	10,850	11,318	11,813	12,304	172,75
7 – 7 7/8	363,249	25,399	13,181	13,910	14,632	15,469	280,65
8 – 8 7/8	679,298	50,594	16,736	17,947	19,065	20,174	554,78
9 – 9 7/8	903,544	70,728	15,576	16,650	17,948	19,319	763,32
10 – 10 7/8	507,045	38,732	6,823	7,415	7,999	8,670	437,40
11 – 11 7/8	152,007	11,332	1,732	1,898	1,992	2,154	132,89
12 – 12 7/8	299,521	20,727	2,758	3,087	3,458	3,825	265,66
13 – 13 7/8	157,108	12,263	1,885	2,050	2,133	2,206	136,57
14 – 14 7/8	286,253	18,380	2,786	3,071	3,394	3,687	254,93
15 – 15 7/8	1,077	29	8	9	11	12	1,00
16 – 16 7/8	53,341	1,170	256	300	352	412	50,85
17 – 17 1/2	534	110	83	83	82	81	9
	<u>\$3,847,805</u>	<u>\$291,393</u>	<u>\$88,270</u>	<u>\$93,365</u>	<u>\$98,464</u>	<u>\$103,755</u>	<u>\$3,172,55</u>

At March 31, 1982 accrued interest of \$182,552,000 (1981 – \$155,541,000) and arrears of \$53,384,000 (1981 – \$31,543,000) are included and are shown as maturing in the year ending March 31, 1983.

Prepayments of principal from farmers of \$35,774,000 (1981 – \$53,248,000) were received during the year and applied as a reduction of principal.

4 Real estate

This represents farm property held by the Corporation for resale and is carried at the lower cost and net realizable value. It consists of property acquired in the process of administering the outstanding loans to farmers and to farm syndicates and must be disposed of by the Corporation within five years of acquisition or such further period as the Governor in Council may prescribe.

5 Fixed assets

	1982			1981
	Cost	Accumulated Depreciation	Net	Net
	(in thousands of dollars)			
Furniture and equipment	\$1,517	\$ 974	\$ 543	\$ 440
Automobiles	8	2	6	1
Leasehold improvements	847	107	740	576
	<u>\$2,372</u>	<u>\$1,083</u>	<u>\$1,289</u>	<u>\$1,017</u>

6 Due to Canada

Pursuant to an agreement with the Department of Agriculture, the Corporation's continuing administrative costs relating to the Land Transfer Plan, a component of the Department's Small Farm Development Program which terminated on March 31, 1979, are reimbursed by the Department and any excess of income over expense is paid to Canada.

The amount due to Canada of \$232,000 (1981 – \$148,000) in respect of operations during the year under this program is determined as follows:

	1982	1981
	(in thousands of dollars)	
Interest earned and other income	\$843	\$786
Less: Interest on loans from Canada	<u>620</u>	<u>646</u>
Excess of income over interest expense	<u>223</u>	<u>140</u>
Funds received from Agriculture Vote 20 (1981 – Vote 25)	40	40
Less: Administrative expenses	<u>31</u>	<u>32</u>
	<u>9</u>	<u>8</u>
	<u>\$232</u>	<u>\$148</u>

7 Canada loans

The Corporation has borrowed funds, secured by note, from the Minister of Finance for the purpose of making farm loans, pursuant to section 13 of the Farm Credit Act and section 8 of the Farm Syndicates Credit Act. Loans are also outstanding that were borrowed for the purposes of the Small Farm Development Program pursuant to the Farm Credit Act, as authorized by Order in Council P.C. 1972-1490 dated June 29, 1972. These borrowings are repayable in accordance with the terms and interest rates prescribed at the time of borrowing.

Outstanding amounts as at March 31, 1982 are as follows:

	Period not exceeding	Annual interest rate %	Outstanding amount (in thousands of dollars) 1982	1981
Farm Credit Act	20 years	4 – 15 3/4	\$3,559,015	\$3,226,111
Farm Syndicates Credit Act	5 years	8 1/2 – 16 1/2	16,576	13,981
Small Farm Development Program	20 years	6 – 9	8,667	9,000
Accrued interest			102,070	83,231
			<u>\$3,686,328</u>	<u>\$3,332,400</u>

A summary of the Canada loans in the aggregate, by interest rate and fiscal year of maturity, is as follows:

Annual interest rate %	Total	Maturities by fiscal year (in thousands of dollars)					1981 through 2000
		1983	1984	1985	1986	1987	
4 – 4 7/8	\$ 6,019	\$ 2,541	\$ 2,134	\$ 1,344	\$ —	\$ —	\$ —
5 – 5 7/8	149,618	36,462	31,852	33,597	35,439	12,268	—
6 – 6 7/8	447,457	47,977	34,706	36,930	39,295	41,813	246,700
7 – 7 7/8	445,412	32,879	26,736	28,628	30,793	33,121	293,250
8 – 8 7/8	1,029,754	54,281	36,165	38,738	41,657	45,205	813,700
9 – 9 7/8	674,531	31,184	17,475	19,118	20,720	22,495	563,500
10 – 10 7/8	1,864	564	520	520	260	—	—
11 – 11 7/8	170,588	7,476	3,016	3,342	3,708	3,958	149,000
12 – 12 7/8	236,375	10,675	4,350	4,797	5,298	5,492	205,700
13 – 13 7/8	352,763	31,501	4,838	5,375	5,984	6,674	298,300
14 – 14 7/8	—	—	—	—	—	—	—
15 – 15 7/8	170,069	6,518	1,469	1,709	1,989	2,315	156,000
16 – 16 1/2	1,878	258	360	360	360	360	18,000
	<u>\$3,686,328</u>	<u>\$262,316</u>	<u>\$163,621</u>	<u>\$174,458</u>	<u>\$185,503</u>	<u>\$173,701</u>	<u>\$2,726,700</u>

The amounts outstanding as at March 31, 1982, include accrued interest totalling \$102,070,000 (1981 – \$83,231,000) and are shown as maturing in the year ending March 31, 1983.

8 Contributed capital

The contributed capital of the Corporation represents the amount received from Canada under section 12 of the Farm Credit Act. The present statutory limit on this amount is \$150 million (1981 – \$150 million). Subsequent to the year-end, the limit has been increased as described in Note 15. In the current year, contributed capital of \$13.1 million (1981 – \$10.4 million) was received from Canada.

9 Segmented information

Operations and retained earnings under the Farm Credit Act and the Farm Syndicates Credit Act are broken down as follows:

	Total		Farm Credit Act		Farm Syndicates Credit Act	
	1982	1981	1982	1981	1982	1981
	(in thousands of dollars)					
Income						
Interest earned on loans	\$333,675	\$283,833	\$331,830	\$282,440	\$1,845	\$1,393
Deduct: Interest on loans from Canada	302,736	254,580	301,006	253,288	1,730	\$1,292
Interest margin	30,939	29,253	30,824	29,152	115	101
Fees earned	1,037	964	1,037	964	—	—
Other interest income and service charges	4,546	2,677	4,453	2,602	93	75
Gross income	36,522	32,894	36,314	32,718	208	176
Expenses	33,061	25,206	32,965	25,128	96	78
Net income before income taxes	3,461	7,688	3,349	7,590	112	98
Deferred income taxes	1,592	3,536	1,592	3,536	—	—
Net income	1,869	4,152	1,757	4,054	112	98
Retained earnings, beginning of year	9,003	4,851	8,623	4,569	380	282
Retained earnings, end of year	\$ 10,872	\$ 9,003	\$ 10,380	\$ 8,623	\$ 492	\$ 380

10 Interest rates

Unless otherwise established by Order in Council, loans to farmers bear an interest rate from the date of approval equal to the base rate defined in section 3(2) of the Farm Credit Act Interest Rates Regulations plus one per cent. The base rate is determined using the average yield on Government of Canada bonds payable in Canadian currency and due to mature in five to ten years. The lending rate is established for six month periods commencing April 1st and October 1st each year and applies to all loans approved in the related six-month period.

However, if a new loan under the Farm Credit Act is made, a portion of which is to be used to repay an existing Farm Credit Act loan, the current lending rate and the rate on the existing loan are blended and a composite rate charged. Except for the provision for blended rates, rates on loans to farm syndicates are determined in the same manner using the yield on Government of Canada bonds maturing in one to five years plus one per cent.

Interest rates on borrowings from Canada by the Corporation under section 13 of the Farm Credit Act are established for six-month periods commencing April 1st and October 1st each year in accordance with the terms and conditions approved by the Governor in Council. Similarly, rates on borrowings under section 8 of the Farm Syndicates Credit Act are set on these dates for the same six-month periods.

11 Funding commitments by Canada

In addition to the repayments of principal received from borrowers, the Corporation also receives and is dependent upon Canada for capital contributions and loans for the funding of its lending program. Accordingly, by Order in Council, the Minister of Finance is committed to provide a net increase in capital and loans of \$349,300,000 for the year ending March 31, 1983.

12 Commitments to farmers

Loans to farmers approved but not disbursed as at March 31, 1982, amounted to \$79.3 million (1981 – \$67.8 million most of which were approved at 16¾% (1981 – 12¾%). It is expected that the majority of these loans will be disbursed within the six-month period ending September 30, 1982, from funds to be borrowed by the Corporation from Canada at 15½% (1981 – 13%).

13 Operating leases

The future minimum lease payments required under operating leases having initial non-cancellable lease terms in excess of one year are as follows:

	(in thousands of dollars)
Year ending March 31, 1983	\$1,280
1984	1,041
1985	945
1986	741
1987	640
Thereafter	<u>3,542</u>
	<u>\$8,189</u>

These leases generally provide for the payment by the Corporation of real estate taxes and operating expenses in excess of those amounts established at the commencement of the lease term.

14 Comparative figures

Certain figures for the previous year have been reclassified to conform to the current year's presentation.

15 Amendments to the Farm Credit Act

The Farm Credit Act was amended subsequent to March 31, 1982 to increase the Corporation's authorized capital from \$150 million to \$225 million. As a consequence, the Corporation's borrowing capacity has been increased from \$3.750 billion to \$5.625 billion.

In addition to its present authority to borrow funds from the Minister of Finance, the amended legislation provides that the Corporation may borrow funds from other sources with the approval of the Minister of Finance.

Les taux d'intérêt sur les emprunts auprès du Canada effectués par la Société en vertu de l'article 13 de la Loi sur le crédit agricole sont établis au début de chaque semestre, soit le 1^{er} avril et le 1^{er} octobre de chaque année, en conformité aux modalités approuvées par le Gouverneur en conseil. De même, les taux d'intérêt sur les emprunts effectués en vertu de l'article 8 de la Loi sur le crédit aux syndicats agricoles sont fixés aux dates précitées et sont vigoureux au cours des mêmes semestres.

11 Engagement de fonds par le Canada

En plus des remboursements de principal qu'elle reçoit des emprunteurs, la Société reçoit du Canada des contributions de capital d'apport et des prêts qui lui servent au financement de ses programmes de crédit, et elle dépend de ces fonds pour mener ses opérations. En conséquence le Ministre des Finances est engagé par décret du Conseil à fournir une augmentation nette de capital et de prêts de \$349,300,000 à la Société pour l'exercice se terminant le 31 mars 1983.

12 Engagements envers les agriculteurs

Les prêts approuvés aux agriculteurs mais non déboursés au 31 mars 1982 s'élevaient à \$79.3 millions (1981 – \$66.3 millions). La plupart portaient un taux d'intérêt de 16¼% (1981 – 12¼%). On prévoit que la plupart de ces prêts seront déboursés au cours du semestre se terminant le 30 septembre 1982, à même les fonds que la Société empruntera du Canada à 15½% (1981 – 13%).

13 Contrats de location – exploitation

Les versements minimums futurs exigibles en vertu de contrats de location comportant une durée initiale non résiliable de plus d'un an se résument comme suit:

Exercice se terminant le 31 mars		Exercices ultérieurs
1983	1984	
1984	1985	
1986	1987	
1987		
		3,542
		\$8,189

(en milliers de dollars)

Ces baux prévoient généralement le paiement par la Société des impôts fonciers et des dépenses d'exploitation en sus des montants fixés au début du terme du bail.

14 Chiffres comparatifs

Certains chiffres de l'exercice précédent ont été reclassifiés afin de les rendre conformes à la présentation de l'exercice courant.

15 Modifications à la Loi sur le crédit agricole

La Loi sur le crédit agricole a été modifiée après le 31 mars 1982. En effet, le capital autorisé de la Société a été porté de \$150 à \$225 millions. La capacité d'emprunt de celle-ci passe donc de \$3.750 milliards à \$5.625 milliards. En plus d'augmenter le pouvoir d'emprunt de la Société, la nouvelle Loi l'autorise à emprunter de sources autres que le Ministre des Finances, sous réserve de l'approbation de ce dernier.

9 Renseignements sectoriels

Les résultats et les bénéfices non répartis en vertu de la Loi sur le crédit agricole et de la Loi sur le crédit aux syndicats agricoles se répartissent comme suit:

	1982	1981
Loi sur le crédit aux syndicats agricoles	1982	1981
Loi sur le crédit agricole	1982	1981
	(en milliers de dollars)	

Revenus	1982	1981	1982	1981	1982	1981
Intérêt gagné sur prêts	\$333,675	\$283,833	\$331,830	\$282,440	\$1,845	\$1,393
Moins: Intérêt sur emprunts auprès du Canada	302,736	254,580	301,006	253,288	1,730	1,292
Marge d'intérêt	30,939	29,253	30,824	29,152	115	101
Honoraires gagnés	1,037	964	1,037	964	—	—
Autres revenus	—	—	—	—	—	—
d'intérêt et frais d'administration	4,546	2,677	4,453	2,602	93	75
Bénéfice brut	36,522	32,894	36,314	32,718	208	176
Dépenses	33,061	25,206	32,965	25,128	96	78
Bénéfice avant impôts sur le revenu	3,461	7,688	3,349	7,590	112	98
Impôts sur le revenu reportés	1,592	3,536	1,592	3,536	—	—
Bénéfice net	1,869	4,152	1,757	4,054	112	98
Bénéfices non répartis au début de l'exercice	9,003	4,851	8,623	4,569	380	282
Bénéfices non répartis à la fin de l'exercice	\$ 10,872	\$ 9,003	\$ 10,380	\$ 8,623	\$ 492	\$ 380

10 Taux d'intérêt

À moins d'un changement par décret du Conseil, les taux d'intérêt sur les prêts consentis aux agriculteurs sont fixés à compter de la date de l'approbation. Ces taux correspondent à un pour cent plus le taux de base défini à l'article 3(2) du Règlement sur les taux d'intérêt de la Loi sur le crédit agricole. Le taux de base est déterminé en utilisant le rendement moyen des obligations fédérales payables en monnaie canadienne et devant échoir dans cinq à dix ans. Le taux d'intérêt est établi pour des périodes de six mois commençant le 1^{er} avril et le 1^{er} octobre de chaque année et vise tous les prêts approuvés pendant le semestre en question.

Toutefois, lorsqu'un nouveau prêt est consenti en vertu de la Loi sur le crédit agricole et sert en partie à rembourser un prêt, on combine le taux d'intérêt courant et le taux d'intérêt sur ce prêt actif afin d'obtenir un taux d'intérêt composé. À l'exception des taux combinés, les taux d'intérêt sur les prêts consentis aux syndicats agricoles sont déterminés de la même façon c.-à-d. en prenant le rendement des obligations fédérales venant à échéance d'ici un à cinq ans et en y ajoutant un pour cent.

7 Emprunts auprès du Canada

La Société a emprunté des fonds garantis par billet, auprès du Ministre des Finances, afin de consentir des prêts agricoles conformément à l'article 13 de la Loi sur le crédit agricole et à l'article 8 de la Loi sur le crédit aux syndicats agricoles. La Société doit également rembourser des fonds empruntés dans le cadre de la Loi sur le crédit agricole en conformité au décret C.P. 1972-1490, daté du 29 juin 1972, pour les besoins du Programme de développement des petites fermes. Ces emprunts sont remboursables selon les modalités et les taux d'intérêt prescrits au moment de l'emprunt.

Les montants non réglés au 31 mars 1982 sont les suivants:

Montants non réglés (en milliers de dollars)	1982	Taux d'intérêt annuel %	Période n'excédant pas	Loi sur le crédit agricole	Loi sur le crédit aux syndicats agricoles	Programme de développement des petites fermes	Intérêt couru
\$3,226,13	\$3,559,015	4 - 15 3/4	20 ans				83
	16,576	8 1/2 - 16 1/2	5 ans				9
	8,667	6 - 9	20 ans				
	102,070						
	\$3,332						

Ventilation des emprunts auprès du Canada, répartie selon le taux d'intérêt annuel et l'exercice financier d'échéance

Taux d'intérêt annuel %	Total	1983	1984	1985	1986	1987
			(en milliers de dollars)			
4 - 4 7/8	\$ 6,019	\$ 2,541	\$ 2,134	\$ 1,344	\$ —	\$ —
5 - 5 7/8	149,618	36,462	31,852	33,597	35,439	12,268
6 - 6 7/8	447,457	47,977	34,706	36,930	39,295	41,813
7 - 7 7/8	445,412	32,879	26,736	28,628	30,793	33,121
8 - 8 7/8	1,029,754	54,281	36,165	38,738	41,657	45,205
9 - 9 7/8	674,531	31,184	17,475	19,118	20,720	22,495
10 - 10 7/8	1,864	564	520	520	260	—
11 - 11 7/8	170,588	7,476	3,016	3,342	3,708	3,958
12 - 12 7/8	236,375	10,675	4,350	4,797	5,298	5,492
13 - 13 7/8	352,763	31,501	4,838	5,375	5,984	6,674
14 - 14 7/8	—	—	—	—	—	—
15 - 15 7/8	170,069	6,518	1,469	1,709	1,989	2,315
16 - 16 1/2	1,878	258	360	360	360	360
	\$3,686,328	\$262,316	\$163,621	\$174,458	\$185,503	\$173,701
						\$2,726

Les montants non réglés au 31 mars 1982 incluent un intérêt couru s'élevant à \$102,070,000 (1981 - \$83,231,000 paraissent comme venant à échéance au cours de l'exercice se terminant le 31 mars 1983.

8 Capital d'apport

Le capital d'apport de la Société représente le montant reçu du Canada en vertu de l'article 12 de la Loi sur le crédit agricole. La limite statutaire actuelle de ce montant est de \$150 millions (1981 - \$150 millions). Cette limite a été augmentée au début de l'exercice suivant (voir note 15 à ce sujet). Au cours de l'exercice, le Canada a versé à la Société \$13,1 millions (1981 - \$10,4 millions) au titre du capital d'apport.

4 Biens-fonds

Ce poste représente les propriétés détenues par la Société aux fins de revente. Le montant indiqué est le moins élevé du prix coûtant ou de la valeur réalisable nette. Il s'agit de propriétés acquises dans le cadre de l'administration des prêts non réglés par les agriculteurs et les syndicats agricoles. La Société doit se départir de ces propriétés dans les cinq années qui suivent leur acquisition ou au cours de toute période supplémentaire que peut prescrire le Gouvernement en conseil.

5 Immobilisations

	1982		1981
Amortissement		Net	
Cout	accumulé		Net
(en milliers de dollars)			
Mobilier et matériel	\$1,517	\$ 974	\$ 440
Automobiles	8	2	1
Améliorations locales	847	107	576
	<u>\$2,372</u>	<u>\$1,083</u>	<u>\$1,017</u>
		<u>\$1,289</u>	

6 A payer au Canada

En vertu d'un accord entre la Société et le ministère de l'Agriculture, les frais d'administration relatifs au Plan de transfert des terres, un élément du Programme de développement des petites fermes d'Agriculture Canada qui s'est terminé le 31 mars 1979, sont remboursés par le ministère et tout excédent des revenus sur les dépenses est remboursé au Canada.

Le montant à payer au Canada s'élève à \$232,000 (1981 - \$148,000). Il a trait aux opérations effectuées au cours de l'exercice en vertu du programme susmentionné et se répartit comme suit:

1981	1982
(en milliers de dollars)	
\$786	\$843
646	620
140	223
40	40
32	31
8	9
\$148	\$232

3 Créances à long terme

Les créances sont exigibles pour des périodes pouvant atteindre trente années et portent les taux d'intérêt qui étaient en vigueur au moment de l'approbation du prêt.

Montants non ré	Taux	Période	Prêts aux agriculteurs	Prêts aux syndicats agricoles	Contrats de vente
d'intérêt	n'excédant	pas	30 ans	15 ans	30 ans
annuel %					
1982	\$3,812,957	5 – 16 3/4	5 – 16 3/4	6 1/4 – 17 1/2	5 – 16 3/4
	\$3,452			17,454	17,394
				15	\$3,482
					\$3,847,805

Les contrats de vente de \$17,394,000 (1981 – \$15,084,000) se composent d'une somme de \$10,156,000 (1981 – \$7,278,000) qui a trait aux contrats de vente et aux hypothèques relatives à la vente de biens immobiliers sous le régime de la Loi sur le crédit agricole et d'une somme de \$7,238,000 (1981 – \$7,806,000) qui a trait aux contrats de vente relatifs au Programme de développement des petites fermes.

Le montant global des créances à long terme, réparti selon le taux d'intérêt annuel et l'exercice d'échéance, se résume comme suit:

Taux	d'intérêt	annuel %	Total	1983	1984	1985	1986	1987
\$								
5 – 5 7/8	\$ 206,263	\$ 22,406	\$15,596	\$15,627	\$15,585	\$15,442	\$ 15,442	\$ 121
6 – 6 7/8	238,565	19,523	10,850	11,318	11,813	12,304	172	172
7 – 7 7/8	363,249	25,399	13,181	13,910	14,632	15,469	280	280
8 – 8 7/8	679,298	50,594	16,736	17,947	19,065	20,174	554	554
9 – 9 7/8	903,544	70,728	15,576	16,650	17,948	19,319	763	763
10 – 10 7/8	507,045	38,732	6,823	7,415	7,999	8,670	437	437
11 – 11 7/8	152,007	11,332	1,732	1,898	1,992	2,154	132	132
12 – 12 7/8	299,521	20,727	2,758	3,087	3,458	3,825	265	265
13 – 13 7/8	157,108	12,263	1,885	2,050	2,133	2,206	136	136
14 – 14 7/8	286,253	18,380	2,786	3,071	3,394	3,687	254	254
15 – 15 7/8	1,077	29	8	9	11	12	1	1
16 – 16 7/8	53,341	1,170	256	300	352	412	50	50
17 – 17 1/2	534	110	83	83	82	81	1	1
	\$3,847,805	\$291,393	\$88,270	\$93,365	\$98,464	\$103,755	\$3,172	\$3,172

Un intérêt couru de \$182,552,000 (1981 – \$155,541,000) et des arrérages de \$53,384,000 (1981 – \$31,543,000) inclus au 31 mars 1982 et identifiés comme venant à échéance au cours de l'exercice se terminant le 31 mars 1983 principal. Elle a appliqué ce montant en réduction du principal.

Notes afférentes aux états financiers du 31 mars 1982

1 Objectifs de la Société

La Société du crédit agricole a été constituée en vertu de la Loi sur le crédit agricole le 5 octobre 1959 afin de succéder à la Commission du prêt agricole canadien. Son objectif premier est d'aider les agriculteurs canadiens à établir et à aménager des exploitations agricoles rentables en leur fournissant du crédit à long terme sous le régime de la Loi sur le crédit agricole.

La Société administre également un programme de crédit autorisé sous le régime de la Loi sur le crédit aux syndicats agricoles. Cette loi a remplacé la Loi sur le crédit aux syndicats de machines aratoires qui avait été votée le 1^{er} décembre 1964. L'objectif de la LCSA est de prêter aux agriculteurs qui se regroupent en syndicats, afin de partager le coût de l'achat et de l'utilisation de machines aratoires, de bâtiments de ferme et d'équipement fixe.

2 Conventions comptables importantes

Provision pour créances douteuses

La provision pour créances douteuses a trait aux prêts consentis aux agriculteurs et aux syndicats agricoles ainsi qu'aux contrats de vente. Cette provision représente les pertes que la Société prévoit subir sur les comptes en souffrance au 31 mars 1982.

Les pertes réelles sur les prêts, les sommes recouvrées et les changements à la provision sont indiqués à l'état des résultats et des bénéfices non répartis, à titre de provision pour créances douteuses.

Comptabilisation des revenus

Les intérêts sur les prêts aux agriculteurs et aux syndicats agricoles ainsi que sur les contrats de vente sont inscrits aux revenus selon la méthode de comptabilité d'exercice.

Les honoraires d'évaluation perçus au moment de la demande de prêt sont inscrits aux revenus lors de leur réception. Les honoraires d'évaluation, qui sont déduits directement des fonds prêts, sont inscrits à titre de revenus au moment du déboursé final.

Les frais de mainlevée partielle sont inscrits à titre de revenus au moment où ils se produisent.

Les frais de service réalisés sur les prêts aux syndicats agricoles apparaissent à titre de revenus au moment du déboursé final.

Immobilisations

Les immobilisations sont comptabilisées au prix coûtant. Les améliorations locatives sont amorties selon la méthode de la ligne droite pour la durée du bail plus une période de renouvellement. Les autres immobilisations sont amorties selon la méthode du solde dégressif aux taux annuels de 20% pour le mobilier et l'équipement et de 30% pour les automobiles.

Impôts sur le revenu

La Société utilise la méthode du report d'impôt, selon laquelle les impôts sur le revenu sont calculés sur tous les éléments compris à l'état des résultats indépendamment du moment où ces éléments seront considérés du point de vue fiscal. Les impôts reportés résultent principalement de l'écart entre la provision pour créances douteuses imputée à l'exploitation et le montant réclamé aux fins fiscales, au titre des réserves hypothécaires déductibles en vertu de l'article 33 de la Loi de l'impôt sur le revenu.

**État de l'évolution de la situation financière
pour l'exercice terminé le 31 mars 1982**
(en milliers de dollars)

1982	
\$398,133	Provenance des fonds
265,10	Regu du Canada:
13,148	Emprunts bruts
371,627	Moins: Principal refinancé
110,801	Capital d'apport
1,067	Regu des agriculteurs:
111,868	Remboursement et paiements anticipés du principal
483,495	Augmentation du montant détenu pour versements futurs
(4,1)	Utilisation des fonds
	Exploitation:
	Bénéfice net
(1,869)	Éléments n'affectant pas l'encaisse:
(7,492)	Amortissement, impôts reportés et provisions
18,110	Augmentation de l'intérêt à recevoir des agriculteurs
8,171	Variation nette de l'intérêt couru
4,737	Intérêt refinancé et honoraires payés à même les fonds prêtés
21,657	Fonds absorbés par l'exploitation
503,119	Agriculteurs:
476,714	Déboursés bruts sur prêts
47,091	Moins: Montants refinancés
429,623	Déboursés nets sur prêts
1,814	Moins: Honoraires et intérêts payés à même les fonds prêtés
427,809	
23,456	Remboursement des emprunts auprès du Canada
1,532	Variation nette des autres éléments d'actif et de passif
474,454	
9,041	Augmentation de l'encaisse
3,336	Encaisse au début de l'exercice
\$ 12,377	Encaisse à la fin de l'exercice

Les notes ci-jointes font partie intégrante des états financiers.

Etat des résultats et des bénéfices non répartis pour l'exercice terminé le 31 mars 1982
(en milliers de dollars)

Revenus

Intérêt gagné sur prêts aux agriculteurs

Moins: Intérêt sur emprunts auprès du Canada

Marge d'intérêt

Honoraires gagnés

Autres revenus d'intérêt et frais d'administration

Bénéfice brut

Dépenses

Salaires et prestations aux employés

Provision pour créances douteuses

Location de bureaux

Voyages

Téléphone

Location et entretien du matériel de bureau

Impressions, papeterie et fournitures de bureau

Amortissement

Affranchissement et messageries

Divers

Bénéfice avant impôts sur le revenu

Impôts sur le revenu reportés

Bénéfice net (note 9)

Bénéfices non répartis au début de l'exercice

Bénéfices non répartis à la fin de l'exercice (note 9)

Les notes ci-jointes font partie intégrante des états financiers.

1982	1981
\$333,675	\$283,833
302,736	254,580
30,939	29,253
1,037	964
4,546	2,677
36,522	32,894
18,626	16,764
8,711	3,725
1,831	1,501
1,788	1,510
459	375
393	325
329	315
180	166
162	132
582	393
33,061	25,206
3,461	7,688
1,592	3,536
1,869	4,152
9,003	4,851
\$ 10,872	\$ 9,003

Yours Truly

Le Vice-président

Les notes ci-jointes font partie intégrante des états financiers.

[illegible]

L'honorable Eugene Francis Whelan, C.P., député
Ministre de l'Agriculture

J'ai vérifié le bilan de la Société du crédit agricole au 31 mars 1982 ainsi que l'état des résultats et des bénéfices non répartis et l'état de l'évolution de la situation financière pour l'exercice terminé à cette date. Ma vérification a été effectuée conformément aux normes de vérification généralement reconnues, et a comporté par conséquent les sondages et autres procédés que j'ai jugés nécessaires dans les circonstances.

À mon avis, ces états financiers présentent un aperçu juste et fidèle de la situation financière de la Société au 31 mars 1982 ainsi que les résultats de son exploitation et l'évolution de sa situation financière pour l'exercice terminé à cette date selon les principes comptables généralement reconnus, appliqués de la même manière qu'au cours de l'exercice précédent.


De plus, je déclare que la Société, à mon avis, a tenu des livres de comptabilité appropriés, que les états financiers sont conformes à ces derniers et que les opérations dont j'ai eu connaissance ont été effectuées dans le cadre de ses pouvoirs statutaires.

Le Vérificateur général du Canada,



Ottawa (Ontario)
le 9 juin 1982

États financiers pour l'exercice terminé le 31 mars 1982

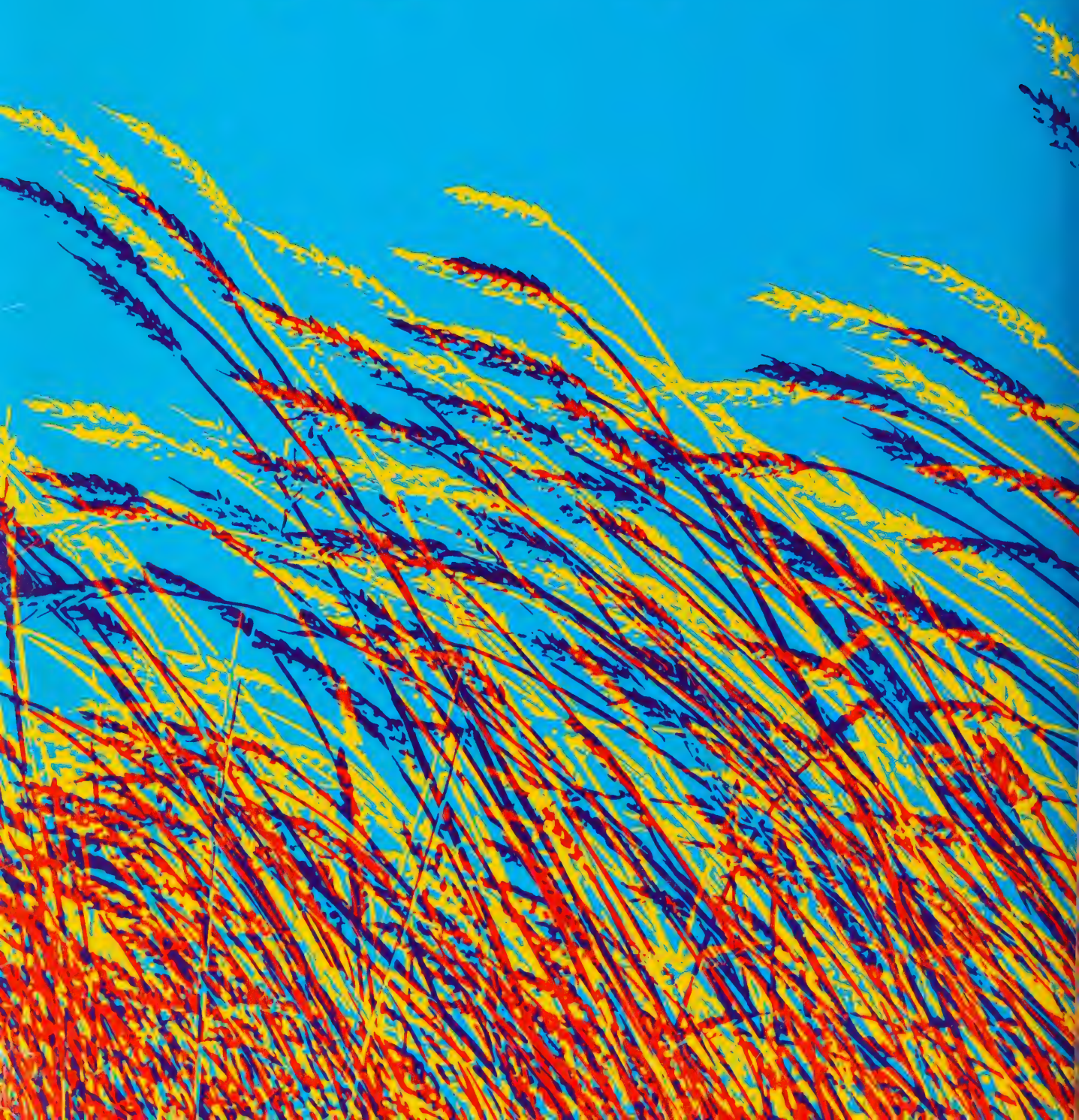
 Société du crédit agricole
Farm Credit Corporation
Canada





Farm Credit Corporation
Canada

Société du crédit agricole
Canada



ANNUAL REPORT

OUR COMMITMENT TO CANADIAN AGRICULTURE

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Farm Credit
Corporation
Canada

Société du
crédit agricole
Canada

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CORPORATE PROFILE

The Farm Credit Corporation (FCC) was established in 1959 as a Crown agency reporting to Parliament through the Minister of Agriculture. Its primary role is to help Canadian farmers establish, develop and maintain sound farm enterprises through the use of long-term mortgage credit and the Corporation's advisory services program.

The Corporation provides farm loans under both the Farm Credit Act and the Farm Syndicates Credit Act. The first Act encompasses FCC's main lending program including the Special Farm Financial Assistance Program which was reintroduced in the June 1982 budget. The second Act provides for

loans to groups or "syndicates" of farmers organized to share in the purchase and use of farm machinery, buildings and installed equipment.

In addition, FCC extends advisory services to Canadian farmers. Pre-loan counselling and assistance in the planning of the organization and development of the farm business are available to all applicants.

The Corporation's head office is located in Ottawa. Its operations are decentralized into seven regional offices and 104 field offices serving agricultural areas.



Head office address
Farm Credit Corporation
434 Queen Street
P.O. Box 2314, Postal Station D
Ottawa, Ontario
K1P 6J9

Paul Gilbert Design Limited
Photography: Paul Gilbert,
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Department of Agriculture

Canada

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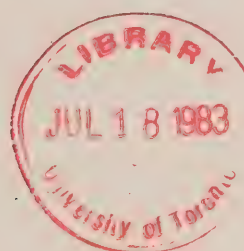
HIGHLIGHTS

1

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	1983	1982
Number of loans approved		
Farm Credit Act (including special program)	5,509	4,948
Farm Syndicates Credit Act	84	174
Amount of loans approved — gross (\$000)		
Farm Credit Act (including special program)	\$ 635,568	\$ 499,782
Farm Syndicates Credit Act	\$ 2,289	\$ 5,569
Average size of loans		
(Farm Credit Act including special program)	\$ 115,369	\$ 101,007
Loans receivable portfolio		
Number of loans receivable	77,609	74,637
Amount of loans receivable (\$000)	\$4,291,462	\$3,847,805

	1983 (\$000)	1982 (\$000)
Results of operations		
Interest income	397,419	337,978
Net interest income	34,061	35,219
Loss (net income)	13,208	(1,869)
Funds available		
Capital and net loans	449,448	348,171
Repayments by farmers	133,114	110,801
Application of funds		
Disbursements to farmers	532,771	429,623
Operations	29,901	18,325





LETTER TO THE MINISTER

3

June 9, 1983

The Honourable Eugene F. Whelan, P.C., M.P.
Minister of Agriculture
Room 101 E.B.
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Mr. Whelan:

It is a pleasure for me to submit our Annual Report for the fiscal year ended March 31, 1983.

During the past year, Canadian agriculture did not escape the pressures of a world economic recession. Many farmers were forced to leave their farms or to lower their expectations. Without your efforts to increase aid to the agricultural industry with such initiatives as the Special Farm Financial Assistance Program many more would have faced the same fate.

For its part the Corporation made every effort to help farmers cope with their difficult environment. A much greater number of high risk loans were approved in 1982-83 and our provision for doubtful accounts was augmented to reflect the probability of more losses. These adjustments resulted in a loss on operations of \$13.2 million.

On a more positive note, this fiscal year was filled with long awaited changes which will allow the Corporation to better serve the farming community.

Recent indicators show that the economy is improving and, as interest rates and other costs stabilize, the farmers of Canada can look forward to a brighter future.

I can assure you that the Farm Credit Corporation is looking forward to working with you in building a better tomorrow for the farmers of this nation.

Yours sincerely,



Eiliv H. Anderson
Chairman



FCC Chairman, Eiliv H. Anderson, signing the global note of the Euro-Canadian bond in the presence of James A. Black, Wood Gundy Vice-President and Director.

Canadian agriculture continued to experience economic pressures in the past year with rising costs, declining income, volatile interest rates and a record number of bankruptcies. The financial strains on farmers had significant impact on the Corporation's lending and financial policies. While the Corporation is expected to be self-sufficient and to generate enough funds to support its operations, it is also expected to help farmers considered by the private sector to be higher risks. Confronted with a troubled environment, we responded by shifting the emphasis of our lending policy and realigning our objective of profitability.

The majority of loans we approved were to refinance farmers in difficulty and a large share of our funds was allocated to the Special Farm Financial Assistance Program. As expected, arrears and losses on recovered properties increased, resulting in a loss on operations of \$13.2 million. In spite of this loss, we did not alter our collection policy. As long as there is a reasonable chance of recovery from a distressed financial situation, the Corporation is committed to helping farmers overcome their hardships.

While difficulties still abound, we feel that the worst may be behind us. Recent indicators show that the economy is improving and, although farm cash receipts are forecasted to remain depressed, the stabilization of input costs and the solid equity of the agricultural sector will undoubtedly allow it to withstand these difficult times.

As announced in the last federal budget, an additional \$100 million was earmarked to meet the strong demand for special loans during the next fiscal year. At the same time increased lending funds will also allow us to finance a greater number of beginning and innovative farmers who need long-term credit to set up or modernize their farm operations. As the economy improves and our portfolio expands, we expect to show a profit on our operations.

FCC prides itself in its willingness to work with other federal agencies and departments, provincial governments and private lending institutions in effort to meet the unique needs of agriculture. We have been cooperating for a number of years with the provinces of Quebec, New Brunswick, Nova Scotia and Alberta in the delivery of their interest subsidy programs. We further expanded this effort this year by participating as the lender in the Saskatchewan Farm Purchase Program. We also played a role in the Small Business Investment Program administered by the Department of Industry, Trade and Commerce from June 1982 to March 1983. We look forward to increasing this type of cooperation in order to make the aims expressed in the Agri-Food Strategy for Canada a reality.

We are currently addressing the problem of many farmers who obtained a loan when interest rates peaked. The Corporation does not have the authority nor does it have the financial resources to write down these loans. However, discussions are under way with the government and every effort is being made to help these borrowers.

New emphasis will be placed on our advisory services program as we expect that more FCC loans will request counselling in the area of financial management. We will also intensify our monitoring of problem accounts and work closely with farmers falling into arrears in an attempt to minimize losses to these borrowers and to the Corporation.

With the demand for FCC loans estimated to exceed \$1 billion in 1983-84, the Corporation's ability to obtain lending funds at reasonable rates and conditions will be severely tested. New sources of funding such as the agri-bond concept will be pursued more actively in the coming year.

The Corporation is also assessing the feasibility of offering new types of loans which could include 5-year, 10-year and 20-year maturities in order to meet the needs of its varied clientele. The difficulties that all lenders experienced in the past year have created a void which FCC might be expected to fill. Farm organizations have already asked the Corporation to study the possibility of providing operating capital. These recommendations will be given careful consideration in the new year.

Changes occurred at both the executive and the board levels of the Corporation in 1982-83. I was appointed Chairman on May 1, 1982 and Lorne Conrad resigned from our Board. On behalf of the Corporation, I want to thank him for his valuable contribution and wish him success in his new endeavour.

The membership of the Board was increased from five to seven members. Three new members — Ted Doyle, Réal Lambert and Claude Palmer — were appointed in December 1982 to serve with Carol Teichrob, Gerry Trant, Paul Babey and myself.

I wish to express my gratitude to the Vice-Chairman who greatly assisted me in assuming my new responsibilities and to welcome the new members of the Board. In addition, I wish to thank both the Advisory Committee and the Appeal Board members for their contribution in this particularly difficult year.

Finally, I wish to pay a special tribute to all FCC employees. They experienced extraordinary pressure in their attempts to find solutions for those farmers facing financial difficulties and they met the challenge with determination and dedication. The years to come promise challenging opportunities for the Corporation. I am certain that our team will meet them with enthusiasm.

A handwritten signature in dark ink, appearing to read "Eiliv H. Anderson", with a stylized, flowing script.

Eiliv H. Anderson
Chairman





The fiscal year 1982-83 was marked by serious difficulties but also by very positive changes for FCC. The difficulties were brought about by unfavourable economic conditions which impaired farmers' loan repayment ability and undermined the value of their security, thereby increasing the risk of loss for the Corporation. On the other hand, FCC was able to follow up on the amendments to its legislation by implementing mechanisms that will enable it to meet the needs of Canadian farmers more adequately in the future.

ECONOMIC CONDITIONS IN THE FARM SECTOR

The past year proved to be a disappointing one for many Canadian farmers. As in 1981, the agricultural outlook was dominated by abundant supplies due to generally favourable weather conditions, sluggish global economic conditions and high real interest rates. As a result, farmers faced reduced farm incomes and, more recently, downward pressures on farm asset values.

In 1982 farm cash receipts totalled \$18.8 billion remaining at 1981 levels. Cash receipts from livestock and livestock products — a bright spot in the total picture — increased by 7.2 per cent and reached a record high at \$9.6 billion. However, that gain was almost offset by lower cash receipts from crops which decreased by 6.4 per cent to \$8.5 billion. Although farm operating expenses and depreciation charges did not increase as much as in the previous year, realized net farm income at about \$3.5 billion was down 14.6 per cent from the record high of \$4.1 billion in 1981.

Aggregate statistics may accurately portray sector-wide developments but differences in the financial health among various types of farms and regions of the country are masked due to variances in markets and agricultural production. For example, in Quebec and British Columbia, realized net farm income registered an increase in 1982 because of the improved market for hogs in Quebec and the importance of dairy and poultry production to net farm income in both provinces. The Atlantic region as a whole had the greatest decline in net farm income in 1982 with a 24 per cent drop due to surplus potato production and weak markets. In the Prairies, a soft demand for grains reduced realized net farm income for grain farmers by an estimated 22 per cent.

During the past few years, prices for beef and hogs have been severely depressed while production costs continued to escalate. However, in 1982, hog prices rose dramatically due to lower North American supplies and beef prices increased slightly. With lower feed grain prices and dropping interest rates, the financial situation of many livestock producers improved as a result. But cash crop grain farmers did not fare as well. After a year of bumper crops and strong prices, grain farmers produced even larger crops in 1982 but received lower prices as a result of large world stocks and weak world economic conditions. Dairy and poultry product prices, which are regulated by national supply management arrangements, continued to move in line with changes in the cost of production.

Total farm operating expenses and depreciation charges increased again in 1982, but by only 3.7 per cent, which is the smallest annual increase experienced since 1970. Lower feed prices during the year and significant declines in interest rates have helped to minimize the increase in operating expenses. Between June and December 1982, the chartered bank prime lending rate dropped from 18.25 per cent to 12.5 per cent. Expenditures on fuel purchases, on the other hand, increased because of higher energy prices.

The largest item in dollar terms was machinery expenses which accounted for about 18 per cent of farm operating expenses and which increased by about 14 per cent over 1981 levels. Interest expense was the second largest item in 1982 accounting for about 17 per cent of all expenses. Although in total the amount of debt outstanding was greater in 1982 than in 1981, interest on indebtedness decreased by two per cent due to federal and provincial interest rate assistance programs and the general decline in interest rates.



The total amount of farm credit extended in 1982 is estimated at \$10.7 billion at an average interest rate of 16 per cent. This compares to \$10.25 billion at an average rate of 19.13 per cent for 1981 and \$9.1 billion for 1980 at 15.38 per cent. It appears that much of the credit extended in 1982 was for debt consolidation purposes. In order to reduce cash-flow problems by decreasing their monthly payments, farmers have been refinancing their debts over longer periods.

With the overall decline in farm incomes, the financial situation of many farm businesses also deteriorated. There has been a marked increase in such indicators of financial stress as the number of bankruptcies, foreclosures and accounts in arrears. A total of 410 bankruptcies were recorded in 1982 compared to 261 in 1981. Many highly leveraged operators with lower incomes in 1982 have had to take measures to avoid financial failure. Often this was in the form of additional borrowing and debt consolidation, but other measures included changes in production activities, reductions in purchased inputs, increases in off-farm employment and, when necessary, partial liquidation of assets.

Liquidation of farm assets during a period of high interest rates and depressed farm incomes has exerted a downward pressure on farmland prices. Transactions are too few for current market prices to be a reliable guide to land values and there is great variation from region to region. However, indications pointing to an adjustment in the value of land in relation to income materialized in 1982. The stabilization and, in some areas, the decline in land values associated with high interest rates created financial problems for some farmers who have financed their farm expansion on the net worth generated by land inflation rather than on the repayment capacity of income from operations.

Although the depressed prices of certain farm commodities, combined with increasing input costs including high interest rates, have resulted in financial difficulties for many farmers, the farm sector with over 80 per cent equity has the resilience to cope with depressed economic conditions. This strength combined with the increasing long-term demand for food will allow the Canadian farm sector to take advantage of future opportunities as they occur.

FCC'S REACTION TO ITS ENVIRONMENT

Since its inception the Farm Credit Corporation has developed a solid reputation as a dependable long-term lender. Many of its present and past borrowers acknowledge that if it had not been FCC they could not have entered or remained in agriculture.

With 77,609 loans receivable as of March 31, 1983 and a portfolio of over \$4 billion, FCC is the main source of long-term farm credit in Canada.

The Corporation is committed to providing every opportunity to its borrowers to achieve their goals through sound lending and advisory services.

Loan requests

During the fiscal year 1982-83, 212 credit advisers in 104 field offices serving all agricultural areas conducted 80,742 interviews dealing with loan applications and the administration of loan accounts. A total of 34,806 interviews were devoted to the analysis of specific loan requests which resulted in 9,103 loan applications.

Many potential clients did not pursue their loan requests beyond the interview stage. Thirty per cent of them could not demonstrate sufficient repayability, 35 per cent had the resources and repayment potential to obtain credit elsewhere, 14 per cent were not planning on becoming principally occupied in farming and the remainder did not qualify for various reasons.

Special Farm Financial Assistance Program

To cope with the difficult situation created by high interest rates and reduced commodity prices, the Government of Canada reintroduced the Special Farm Financial Assistance Program in its 1982-83 budget. Under this program, Canadian farmers experiencing severe financial difficulties are eligible for an interest rebate of four percentage points on loans for a two-year period. The amount of interest rebated on the special loans FCC approves is provided by an appropriation from the Parliament of Canada.

In order to maintain a balance between the maturity of its borrowing and lending portfolios, the Corporation also introduced a three-month interest prepayment penalty on loans to farmers. This alternative was preferred over borrowing by the issuance of callable notes because fixed term notes enable FCC to secure a lower interest rate. This benefit is passed on to FCC borrowers.





The increase on its lending budget allowed the Corporation to raise its loan limits from \$300,000 to \$350,000 for one qualifying applicant and from \$500,000 to \$600,000 for two or more.

The government's decision regarding the resources available to the Corporation and the type of clientele it will service will also be made public during the new fiscal year in the form of a Long-Term Farm Credit Policy.

OPERATIONS UNDER THE FARM CREDIT ACT

Under the Farm Credit Act, loans may be made to farmers individually or jointly with others and to farming corporations or cooperative farm associations. Three types of loans are offered:

Standard farm loans where applicants must, after the loan is made, be principally occupied in farming

Loans to beginning farmers (Section 33) where applicants may retain off-farm employment while developing an economic farm business, providing farming becomes their principal occupation within five years

Special loans to farmers in financial difficulty (Special Farm Financial Assistance Program) where applicants must show that the special loan and the interest rebate are essential for the survival of the farm business.

Loan demand

The demand for FCC loans remained strong throughout the year in spite of high interest rates and expectations of reduced net farm income. During the first half of 1982-83, demand was sustained by debt consolidation loan applications as more farmers than ever before sought refinancing of their debts. Because of limited funding, FCC made every effort to direct its loan funds to the applicants demonstrating the greatest need.

In the second half of the fiscal year, a reduction in the FCC lending rate triggered a surge in demand. The implementation of the Saskatchewan Farm Purchase Program with FCC named as sole lender and the movement of private financial institutions toward a more selective credit policy for their farm clients also spurred an increase in demand. This trend is expected to continue during the coming year resulting in a significant increase in the demand for FCC loans.

Loan approvals

During the fiscal year 1982-83, 5,509 loans were approved for a gross amount of \$635,567,760 (see table 1). This represents an 11.3 per cent increase in the number of loans and a 27.2 per cent increase in the amount approved over the previous year. Out of the 5,509 loans, 191 were approved under Section 33 of the Act for a total of \$18,884,500 and 966 were approved under the Special Farm Financial Assistance Program for \$145,302,600.

The net amount approved, which excludes the refinancing of existing FCC loans, was \$614,370,605 for all loans under the Farm Credit Act. This represents a 34.2 per cent increase over the comparable figure for last year.

The average loan size was \$115,369 compared to \$101,007 in 1981-82. This increase reflects the need of many farmers to refinance a higher level of debt to ease the pressure exerted on their cash flows.

The percentage of FCC loans which were refinanced further declined from 9.8 per cent in 1981-82 to 3.3 per cent in 1982-83. Many borrowers preferred to retain previous lower interest rate loans along with the flexibility of prepaying the higher interest rate loans first. All FCC loans approved since October 1, 1982 are subject to a prepayment penalty not exceeding three months' interest.

Purpose of loans

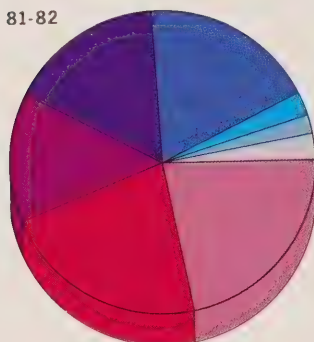
The combined percentage of loan funds used to repay land secured debts and other debts went up from 34.9 to 50.4 per cent (see figure 1). This illustrates the difficult financial situation of many farmers applying for a loan, but it is also the result of FCC devoting a large share of its funds to the Special Farm Financial Assistance Program.

Characteristics of borrowers

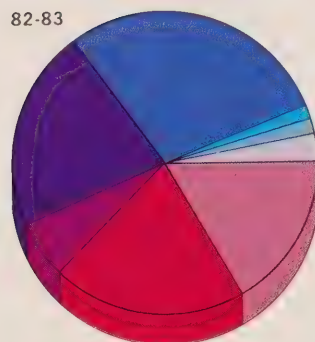
FCC lends to farmers considered to be higher risk than the private sector. According to a survey conducted by FCC in 1981, the average Canadian farm has an 85 per cent equity level. The equity levels of FCC borrowers have averaged close to 50 per cent for the last five years for regular loans (see figure 2). For loans made under the Special Farm Financial Assistance Program, the average equity was even lower at 40 per cent in the fiscal year 1982-83, 36 per cent in the previous year (see figure 3).

The average asset level of FCC borrowers at \$38,000 is also slightly below the national 1981 average of \$409,000 for Census farms. Additional risk was incurred by the Corporation to service smaller and highly leveraged farmers.

Figure 1
Purpose for which loans were approved
81-82



82-83



- Additional land
- New unit
- Permanent improvements
- Land secured debts
- Other debts
- Equipment
- Livestock
- Miscellaneous

Figure 2
Average levels of equity
Regular loans

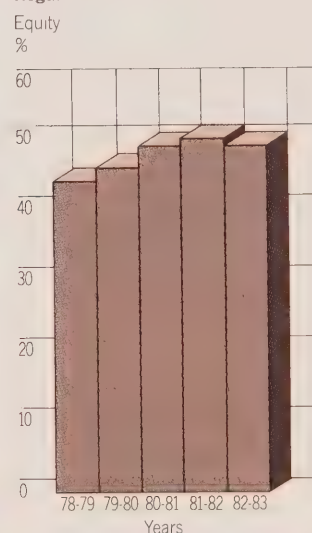
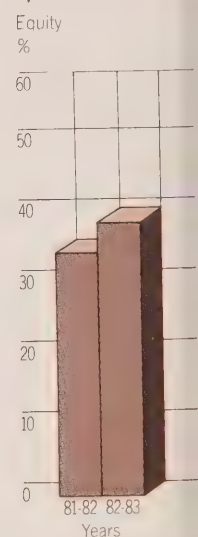


Figure 3
Average levels of equity
Special loans





Another measure of risk is the loan-to-security ratio. Since FCC was given authority to make loans of up to 100 per cent of the value of the security in 1975-76, the ratio has been increasing (see figure 4). As illustrated, FCC has been directing a larger portion of its loan portfolio to farmers who could not offer as much security as was required in the past. This trend to lower equity percentages and higher loan-to-security ratios is a result of lending to younger farmers with limited resources and of the difficult economic environment.

Loans to assist farmers under 35 years of age continue to account for the greatest percentage of the Corporation's funds with 63 per cent of loans going to this age group (see figure 5). Most of these farmers have a limited resource base and a low equity. Whether they want to get established or expand their operations, young farmers must rely heavily on borrowed long-term capital. For many,

and especially those requiring debt consolidation, additional security is often not available and this results in higher loan-to-security ratios.

Services to borrowers

Farm financial management

Advisory services are normally provided by the Corporation on a voluntary basis to new or existing borrowers who request such assistance. For borrowers under the Special Farm Financial Assistance Program, participation in the advisory services program is compulsory. The aim of this program is to provide farmers with assistance to manage the financial aspects of their farm business more efficiently. It is of particular benefit to borrowers who face higher levels of risk and financial instability. Effective financial planning and monitoring analysis can often identify potential problems early enough to allow farmers to respond quickly with corrective action.

Figure 4
Loan-to-security ratios

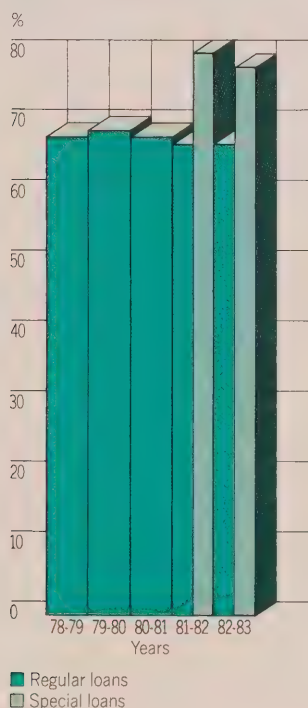


Figure 5
Percentage age distribution of F.C.A. borrowers

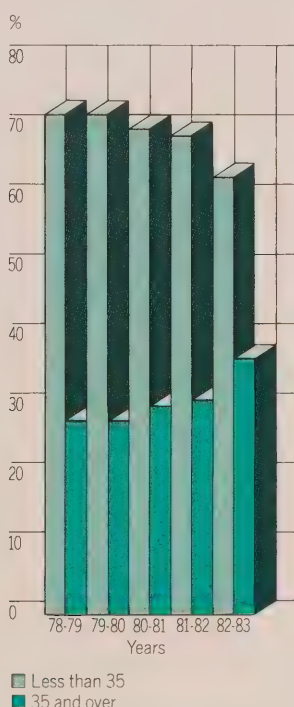
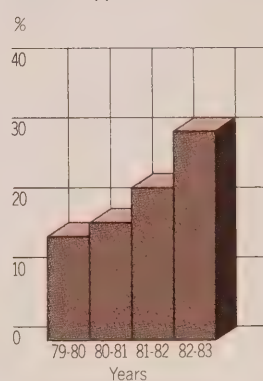


Figure 6
Advisory services as a percentage of the loan approvals.





At year-end, 3,802 farm operations were benefiting from this service. Requests for participation in the advisory services program increased to 30 per cent of the loans approved in 1982-83 (see figure 6). The Corporation's involvement in providing financial counselling should be reflected over time in lower provisions for doubtful account requirements.

The Corporation's staff also liaises with other federal and provincial agencies and will provide referrals to these agencies to complete the advisory service role.

Life insurance

A group life insurance program is offered as a risk reducing opportunity for FCC borrowers. FCC continuously monitors the market to ensure that its borrowers pay the lowest possible premium for this service. During the 1982-83 fiscal year, 94.2 per cent of loans approved were covered partially or totally by life insurance.

Loan administration

The distressed economic condition of many borrowers resulted in a significant increase in arrears. The percentage of loan accounts in good standing (less than \$500 in arrears) under the Farm Credit Act was 88.9 per cent as of March 31, 1983. This compares favourably with the fiscal year 1970-71 when economic conditions were comparable. In that year, the realized net income of Canadian farmers bottomed out and the percentage of FCC loan accounts in good standing decreased to 83.9 per cent. Total payments made in 1982-83 were 84.3 per cent of the amount due compared to 87.6 per cent for the previous year.

During the year, the Corporation initiated a study to measure the impact of the current economic conditions on its loan portfolio. By more precisely identifying potential problem accounts, the Corporation can modify its collection policy to suit the needs of these borrowers. Recognizing the likelihood of higher losses in the next few years, the Corporation is considering various alternatives to cope with this issue.

Real property and losses on loans

The number of properties acquired by the Corporation increased to 91 this year from 35 in the previous year. There were 45 properties sold during the year, leaving 82 properties on hand at year-end. The inventory value of the properties on hand went from \$3,327,101 at the beginning of the year to \$7,631,550 at the end. Some 30 properties were also sold under power of sale. The Corporation did not take title to these farm properties.

The amount of losses on loans more than doubled during this fiscal year. Including the write-down of the properties on hand, the net losses on loans amounted to \$8,078,021 compared to \$3,040, in 1981-82. This represents 0.2 per cent of the total loans receivable as of March 31, 1983.

An analysis of the farm properties repossessed by the Corporation or sold under power of sale indicated that 59 per cent of them were hog or beef operations.

OPERATIONS UNDER THE FARM SYNDICATES CREDIT ACT

The Farm Syndicates Credit Act authorizes the Credit Corporation to approve loans to syndicates of farmers who wish to act cooperatively in overcoming the high cost of individual ownership of machinery, buildings and installed equipment. A syndicate is a group of three or more individuals the majority of whom has farming as a principal occupation. Loans can be approved to a maximum of \$100,000 or \$15,000 per qualifying member whichever is the lesser.

There were 84 syndicate loans approved in 1982-83 for \$2,288,767 compared to 174 totalling \$5,500,000 in 1981-82 (see table 2). This decrease in activity can be attributed to the relatively high interest rates charged on syndicate loans in the last half of the fiscal year.

The interest rate on syndicate loans is determined on April 1 and October 1 of each year. The base rate is the yield on Government of Canada bonds maturing in one to 10 years for the six-month period prior to the establishment of the new rate. A one per cent margin is added to the base rate. On October 1, 1982 the rate was fixed at 15¾ per cent until March 31, 1983. The general declining trend in interest rates for that period discouraged farmers from borrowing under the program until interest rates were readjusted.

At the end of the fiscal year, 85.2 per cent of syndicate loan accounts were in good standing compared to 88.2 per cent the previous year. The Corporation incurred a loss of \$19,706 on one syndicate

REVIEW OF OPERATIONS (CONTINUED)

15

Loans approved by province

Credit Act

	1983		1982	
	Number	Gross Amount (\$'000)	Number	Gross Amount (\$'000)
1) Regular Program				
British Columbia	161	21,270	140	15,911
Alberta	862	107,847	721	71,415
Saskatchewan	1,605	176,429	1,236	112,902
Manitoba	444	41,550	448	44,236
Ontario	950	101,263	1,048	114,299
Quebec	362	30,974	777	76,536
New Brunswick	75	5,261	95	8,129
Nova Scotia	5	232	5	263
Prince Edward Island	66	4,078	87	6,773
Newfoundland	13	1,361	9	891
Canada	4,543	490,265	4,566	451,355
2) Special Farm Financial Assistance Program				
British Columbia	51	11,834	15	3,592
Alberta	75	16,825	20	4,022
Saskatchewan	128	21,076	48	5,689
Manitoba	101	13,533	43	6,206
Ontario	413	60,528	128	16,030
Quebec	152	17,404	86	9,378
New Brunswick	10	857	6	662
Nova Scotia	1	53	4	345
Prince Edward Island	28	2,635	25	2,150
Newfoundland	7	558	7	353
Canada	966	145,303	382	48,427
TOTAL	5,509	635,568	4,948	499,782

Syndicates Credit Act

British Columbia	2	77	—	—
Alberta	18	525	27	869
Saskatchewan	6	207	14	431
Manitoba	13	376	25	596
Ontario	21	610	38	1,179
Quebec	20	363	64	2,307
New Brunswick	4	131	6	187
Nova Scotia	—	—	—	—
Prince Edward Island	—	—	—	—
Newfoundland	—	—	—	—
Canada	84	2,289	174	5,569





OVERVIEW

The Farm Credit Corporation is classified as a Schedule D proprietary Crown corporation under the Financial Administration Act and is designated as a lending Crown corporation in the Public Accounts of Canada. Consistent with its classification, the Corporation is intended to be self-sufficient and is expected to generate sufficient funds to repay its borrowings and to conduct its operations without parliamentary appropriations. Through amendment of its governing legislation effective April 7, 1982, the Corporation was granted authority to borrow from sources other than the government of Canada's Consolidated Revenue Fund. All borrowings from other sources constitute direct obligations of Her Majesty in Right of Canada.

RESULTS OF OPERATIONS

Loss

The Corporation incurred a loss for the year of \$13.2 million compared to net income of \$1.9 million earned the previous year. This \$15.1 million decrease is mainly attributable to a significant increase in the provision for doubtful accounts. It is important to note that the main operating factors which contributed to the decline in net income vary with economic conditions.

Net interest income

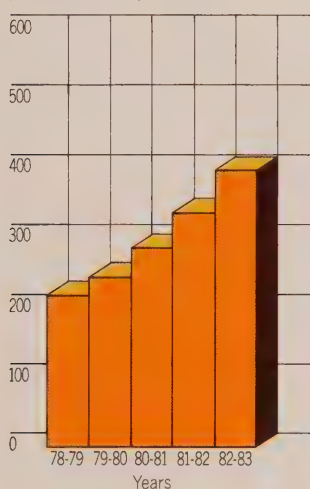
Interest earned was \$397.4 million, an increase of \$59.4 million or 17.6 per cent over the previous year (see figure 7), while interest expense increased by \$60.6 million or 20.0 per cent. The Corporation had to cover the reduction in its cash inflow caused by record high levels of arrears with borrowings at the prevailing high interest rates. This increase in interest expense eroded the net interest income which now represents only 0.82 per cent of the mean principal outstanding, compared to 0.89 per cent for the previous year.

Expenses

Administrative expense was \$28.2 million for the year, which reflects an increase of \$3.9 million over the \$24.3 million incurred the previous year. Of this increase, \$0.7 million is due to greater person-year utilization and the other \$3.2 million is due mainly to inflation.

The provision for doubtful accounts was \$31.8 million for the year, an increase of \$23.1 million over the \$8.7 million for the previous year. This increase is due mainly to the severity of economic conditions in general and the increase in the proportion of high risk loans in particular. For example, of the total increase in the provision for doubtful accounts, \$13.4 million is attributable to loans made to farmers in

Figure 7
Interest income
(in millions of dollars)



financial distress under the Special Farm Financial Assistance Program. The estimate of the Corporation's future probable losses was based upon a recent in-depth analysis of the impact of economic conditions on its loan portfolio.

Deferred income taxes

The Corporation's loss for the year before income taxes amounted to \$24.5 million. After a tax credit of \$11.3 million, the Corporation's after tax loss was \$13.2 million. The effect of the tax credit was the elimination of the Corporation's deferred income tax liability and the creation of a potential tax benefit of \$3.3 million. The Corporation records income taxes on the tax allocation basis which recognizes the income tax effect on transactions when they are recorded in accounting income, regardless of when such items are recognized for tax purposes.

SOURCE OF FUNDS

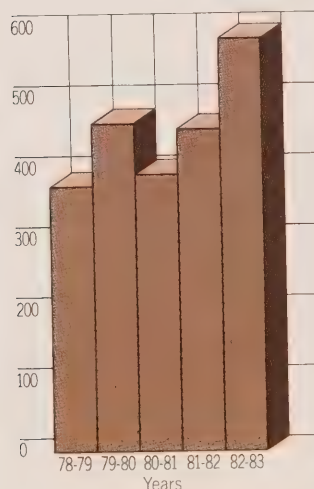
During the year, \$582.6 million was made available to fund the Corporation's programs and operations. This is an increase of \$123.6 million over the \$459.0 million for the previous year (see figure 8).

The Corporation's gross borrowings from Canada amounted to \$535.3 million for 1982-83. The Corporation repaid \$29.4 million and refinanced additional \$134.6 million due during the year resulting in net borrowings from Canada of \$505.9 million. In addition, FCC borrowed \$55.0 million from capital and money markets to complete its borrowing program for the year.

Loan repayments from farmers amounted to \$110.8 million, an increase of \$22.3 million from the \$88.5 million received during the previous year. Of the total payments from farmers, prepayments rose \$18.3 million to \$54.0 million. A significant portion of this amount was applied to high interest rate loans in the closing months of the year. It would appear that, in response to moderating interest rates, farmers were attempting to reduce their interest burden.

Finally, the Corporation drew \$23.2 million in capital under section 12 of the Farm Credit Act, raising the total capital contributed by Canada since inception to \$166.0 million. The total increase in capital and net loans from all sources was \$101.3 million over the previous year.

Figure 8
Total funds available
(in millions of dollars)





APPLICATION OF FUNDS

Funds applied during the year amounted to \$565.7 million, an increase of \$115.8 million or 25.7 per cent over the funds applied in 1981-82.

There was a \$29.9 million net outflow of funds from operations this year. The cash deficit is the result of the excess of the cash outflow in the form of interest and administrative expenses over the cash inflow in the form of interest and other revenues. The most significant factor contributing to this cash deficit is the \$22.1 million increase in interest due but not paid by farmers.

During the year, the Corporation disbursed \$532.8 million in net loans to farmers, an increase of \$103.2 million over the \$429.6 million disbursed the previous year (see figure 9). These net loan disbursements, together with the \$22.3 million in existing loans that were refinanced, resulted in gross loan disbursements totalling \$555.1 million for the year.

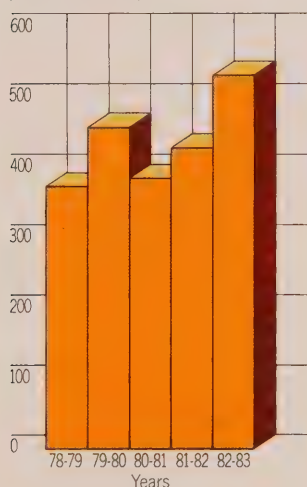
Of the net loan disbursements, \$530.5 million was disbursed under the Farm Credit Act, \$116.4 million of which was for the purposes of the Special Farm Financial Assistance Program. The remaining \$2.3 million was disbursed under the Farm Syndicates Credit Act.

LOANS RECEIVABLE PORTFOLIO

The Corporation administers a loan portfolio which consists of 77,609 accounts totalling \$4,291.5 million at March 31, 1983 (see table 3). Of the total portfolio, 76,043 accounts in the amount of \$4,255.9 million represent loans made pursuant to the Farm Credit Act and 864 accounts totalling \$15.8 million represent loans made under the Farm Syndicates Credit Act. Loans to farmers (F.C.A.) include 1,160 loans amounting to \$162.7 million under the Special Farm Financial Assistance Program.

The portfolio also includes 249 loan accounts amounting to \$13.1 million arising from sales of real estate. Pursuant to an agreement with Agriculture Canada, the Corporation also administers 453 accounts totalling \$6.7 million relating to the Land Transfer Plan, a component of the department's Small Farm Development Program which terminated on March 31, 1979.

Figure 9
Loans disbursed to farmers
(in millions of dollars)



FINANCIAL REVIEW (CONTINUED)

20

Loans receivable portfolio as at March 31, 1983

Table 3

	Number	Principal Not Due (\$000)	Total Arrears (\$000)	Accrued Interest (\$000)	Instalment Prepayments (\$000)	N
Loans to farmers (F.C.A.)						
British Columbia	2,489	153,566	3,733	7,531	(2,838)	1
Alberta	15,392	718,891	15,147	44,741	(6,391)	7
Saskatchewan	22,284	1,059,330	14,082	66,698	(5,175)	1,7
Manitoba	7,733	380,510	10,049	20,247	(3,690)	4
Ontario	18,269	1,122,112	23,737	44,833	(14,449)	1,7
Quebec	7,830	465,509	8,960	20,238	(1,845)	4
New Brunswick	841	46,693	837	2,337	(695)	
Nova Scotia	160	6,975	283	235	(198)	
Prince Edward Island	946	42,641	922	2,293	(474)	
Newfoundland	99	8,067	242	331	(158)	
Canada	76,043	4,004,294	77,992	209,484	(35,913)	4,
Loans to farm syndicates (F.S.C.A.)						
British Columbia	8	174	16	10	—	
Alberta	134	2,096	209	198	(20)	
Saskatchewan	62	1,028	45	82	(2)	
Manitoba	198	2,226	248	166	(32)	
Ontario	210	3,311	258	161	(23)	
Quebec	229	4,697	152	283	(32)	
New Brunswick	10	253	27	15	—	
Nova Scotia	3	53	—	4	—	
Prince Edward Island	7	67	18	4	—	
Newfoundland	3	106	—	4	(4)	
Canada	864	14,011	973	927	(113)	

FINANCIAL REVIEW (CONTINUED)

21

Loans receivable (continued)

	Number	Principal Not Due (\$000)	Total Arrears (\$000)	Accrued Interest (\$000)	Instalment Prepayments (\$000)	Net Total (\$000)
Loans receivable from real estate sales (F.C.A.)						
British Columbia	6	98	—	3	—	101
Alberta	22	615	64	43	(10)	712
Saskatchewan	2	133	38	6	(2)	175
Manitoba	14	788	6	61	(2)	853
Ontario	143	7,403	376	384	(60)	8,103
Quebec	46	2,189	18	118	(5)	2,320
New Brunswick	5	105	5	10	—	120
Nova Scotia	4	290	—	9	—	299
Prince Edward Island	5	271	24	25	—	320
Newfoundland	2	103	18	2	—	123
Canada	249	11,995	549	661	(79)	13,126
Loans receivable under the Small Farm Development Program (F.C.A.)						
British Columbia	5	65	3	3	—	71
Alberta	150	1,846	29	102	(14)	1,963
Saskatchewan	188	2,878	57	152	(10)	3,077
Manitoba	76	1,128	26	47	(3)	1,198
Ontario	10	117	5	4	(1)	125
Quebec	7	57	2	2	—	61
New Brunswick	6	68	1	4	—	73
Nova Scotia	2	19	1	—	—	20
Prince Edward Island	9	89	1	3	—	93
Newfoundland	—	—	—	—	—	—
Canada	453	6,267	125	317	(28)	6,681
TOTAL	77,609	4,036,567	79,639	211,389	(36,133)	4,291,462

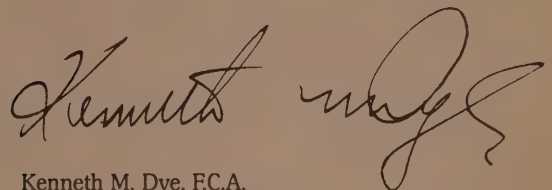


The Honourable Eugene Francis Whelan, P.C., M.P.
Minister of Agriculture

I have examined the balance sheet of Farm Credit Corporation as at March 31, 1983 and the statements of operations and deficit, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Corporation as at March 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

A handwritten signature in black ink, appearing to read 'Kenneth M. Dye', followed by a large, stylized flourish or scribble.

Kenneth M. Dye, F.C.A.
Auditor General of Canada

Ottawa, Ontario
June 9, 1983

Balance Sheet

as at March 31, 1983

24

1983

(in thousands of dollars)

Assets

Cash	\$ 29,232	\$ 12
Accounts receivable	229	
Loans receivable (Note 3)	4,256,792	3,836
Real estate	7,632	
Fixed assets	1,442	
Unamortized debt issue expenses	1,480	
Deferred income taxes	3,319	
	<hr/>	
	\$4,300,126	\$3,851

Liabilities

Accounts payable and accrued liabilities	\$ 4,215	\$ 14
Short-term notes	5,000	
Provision for employee termination benefits	2,308	
Deferred income taxes	—	
Loans payable (Note 4)	4,124,906	3,680
	<hr/>	
	4,136,429	3,700

Equity of Canada

Contributed capital (Note 5)	166,033	14
Deficit (retained earnings)	2,336	(1)
	<hr/>	
	163,697	15
	<hr/>	
	\$4,300,126	\$3,851

The accompanying notes are an integral part of the financial statements.

Approved by the Board:



Chairman



Vice-Chairman

Statement of Operations and Deficit

for the year ended March 31, 1983

25

	1983	1982
	(in thousands of dollars)	
Income		
Interest income	\$397,419	\$337,978
Less: Interest expense	363,358	302,759
Net interest income	34,061	35,219
Fees and other income	1,471	1,303
	35,532	36,522
Expenses		
Salaries and employee benefits	21,363	18,626
Office accommodation	2,051	1,831
Travel	2,135	1,788
Other	2,684	2,105
	28,233	24,350
Provision for doubtful accounts	31,758	8,711
	59,991	33,061
Loss (net income) before income taxes	24,459	(3,461)
Deferred income taxes	(11,251)	1,592
Loss (net income)	13,208	(1,869)
Retained earnings, beginning of year	(10,872)	(9,003)
Deficit (retained earnings), end of year	\$ 2,336	\$ (10,872)

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Financial Position

for the year ended March 31, 1983

26

	1983	1982
	(in thousands of dollars)	(in thousands of dollars)
Funds provided		
Loans from Canada	\$535,300	\$489,500
Less: Loans refinanced and repaid	164,037	154,400
	371,263	335,100
Loans from other sources	55,000	—
Loans receivable repaid	133,114	110,000
Capital contributed by Canada	23,185	13,000
	582,562	458,100
Funds applied		
Operations		
Loss (net income)	13,208	(1,000)
Items not involving cash	16,693	20,000
	29,901	18,000
Loans to farmers	555,092	476,000
Less: Loans refinanced	22,321	47,000
	532,771	429,000
Net changes in other assets and liabilities	3,035	1,000
	565,707	449,000
Increase in cash	16,855	9,000
Cash, beginning of year	12,377	3,000
Cash, end of year	\$ 29,232	\$ 12,000

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

March 31, 1983

27

e Corporation	<p>The Farm Credit Corporation was established in 1959 by the Farm Credit Act as the successor to the Canadian Farm Loan Board. The Corporation's prime objective is to assist Canadian farmers to establish and develop viable farm enterprises through the use of long-term credit as provided for by the Farm Credit Act.</p> <p>The Corporation also administers the lending program authorized under the Farm Syndicates Credit Act which was originally introduced as the Farm Machinery Syndicates Credit Act in 1964. It provides</p>	<p>for loans to groups or syndicates of farmers organized to share in the purchase and use of farm machinery, buildings and installed equipment.</p> <p>Under the provisions of the Farm Credit Act, the Corporation is also required to administer certain programs assigned to it by the Government. The Corporation currently extends credit under the Special Farm Financial Assistance Program, a temporary program expiring in June 1984, introduced to assist farmers in financial difficulty.</p>
nificant accounting policies	<p><i>Allowance for doubtful accounts</i> The allowance for doubtful accounts relates to loans receivable and represents an estimate of future probable losses on the accounts outstanding at the end of the year. Actual losses on loans and write-downs of acquired real estate to the net realizable value are charged to the allowance while recoveries of loan losses are credited to the allowance. The adjustment of the allowance to the appropriate level is charged to operations as a provision for doubtful accounts.</p> <p><i>Revenue recognition</i> Interest income is recorded on an accrual basis.</p> <p>Loan application fees are recorded when received. Appraisal fees withheld from loan funds are recorded at the time the loans are disbursed. Partial discharge fees are recorded when the discharge occurs.</p> <p>Service charges earned on loans to farm syndicates are recorded when loans are disbursed.</p> <p>Penalties charged on loan prepayments are recorded at the time the prepayments are applied as a reduction of loan principal.</p> <p><i>Real estate</i> Real estate is carried at the lower of cost and net realizable value. It represents farm property acquired in the process of administering the outstanding loans receivable and must be disposed of within five years of acquisition or such further period as the Governor in Council may prescribe.</p> <p><i>Fixed assets</i> Fixed assets are recorded at cost less accumulated depreciation. Leasehold improvements are amortized</p>	<p>using the straight-line method over the term of the lease and one renewal period. Other fixed assets are depreciated using the diminishing balance method at annual rates of 20% for furniture and equipment and 30% for automobiles.</p> <p><i>Debt issue expenses</i> Discounts and expenses relating to the issuance of debt are amortized on a straight-line basis over the life of the debt and included in interest expense.</p> <p><i>Pension plan</i> The Corporation's employees participate in the Public Service Superannuation Plan. Contributions to the Plan are made equally by both employees and the Corporation, and these contributions in respect of current service are expensed during the year in which the services are rendered.</p> <p><i>Employee termination benefits</i> On termination of employment, employees of the Corporation are entitled to severance benefits provided for under their terms of employment. The liability for these benefits is recorded as the benefits accrue to the employees.</p> <p><i>Deferred income taxes</i> The Corporation records income taxes on the tax allocation basis which recognizes the income tax effect on transactions when they are recorded in accounting income, regardless of when such items are recognized for tax purposes. Deferred income taxes result primarily from the timing difference between the provision for doubtful accounts charged to operations and the amount claimed for tax purposes with respect to mortgage reserves deducted under Section 33 of the Income Tax Act.</p>

Notes (continued)

28

3. Loans receivable

	Period not exceeding	Annual interest rate %	1983 (in thousands of dollars)	
Loans to farmers, secured by mortgages	30 Years	5-16¾	\$4,255,857	\$3,812
Loans to farm syndicates, secured by notes	15 Years	6¼-17½	15,798	17
Loans receivable from real estate sales, secured by agreements for sale or mortgages	28 Years	5-16¾	13,126	10
Loans receivable under the Small Farm Development Program, secured by agreements for sale	21 Years	7-10	6,681	7
			4,291,462	3,841
			34,670	1
Less: Allowance for doubtful accounts			\$4,256,792	\$3,833

Maturities by fiscal year are as follows:

Maturities by fiscal year

	1983 (in thousands of dollars)	
1983	\$ —	\$ 29
1984	345,292	8
1985	98,977	9
1986	105,001	9
1987	111,265	10
1988	117,910	10
1989 through 2013	3,513,017	3,06
	\$4,291,462	\$3,84

At March 31, 1983 accrued interest of \$211,389,000 (1982-\$182,552,000) and arrears of \$79,639,000 (1982-\$53,389,000) are included and shown as maturing in the year ending March 31, 1984.

Prepayments of principal from farmers of \$54,037,000 (1982-\$35,774,000) were received during the year.

Notes (continued)

29

ns payable

	Period not exceeding	Annual interest rate %	1983 (in thousands of dollars)	1982
Loans from Canada, secured by notes				
Farm Credit Act	20 Years	4-15¾	\$3,931,505	\$3,559,015
Farm Syndicates Credit Act	5 Years	7¾-16½	15,766	16,576
Small Farm Development Program	20 Years	6-9	8,249	8,667
			3,955,520	3,584,258
Loans from the capital market, secured by notes				
Farm Credit Act	10 Years	12½	50,000	—
			4,005,520	3,584,258
Accrued interest			119,386	102,070
			\$4,124,906	\$3,686,328

Maturities by fiscal year are as follows:

<u>Maturities by fiscal year</u>	1983 (in thousands of dollars)	1982
1983	\$ —	\$ 262,316
1984	286,633	163,621
1985	181,758	174,458
1986	193,767	185,503
1987	183,072	173,701
1988	179,425	170,147
1989 through 2004	3,100,251	2,556,582
	\$4,124,906	\$3,686,328

Accrued interest at March 31, 1983 of \$119,386,000 (1982-\$102,070,000) is shown as maturing in the year ending March 31, 1984.

By Order in Council, the Minister of Finance is authorized to provide a net increase in loans from Canada of \$456,700,000 for the year ending March 31, 1984.

Notes (continued)

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5. Contributed capital

The contributed capital of the Corporation represents the amount received from Canada under section 12 of the Farm Credit Act. The statutory limit on this amount is \$225 million (1982–\$150 million). During the year, capital of \$23.2 million (1982–

\$13.1 million) was contributed by Canada. By Order in Council, the Minister of Finance is authorized to provide an increase in capital of \$15.0 million the year ending March 31, 1984.

6. Limit on borrowing

The Farm Credit Act limits the aggregate amount outstanding of the principal borrowings by the Corporation pursuant to the Act to twenty-five times the capital of the Corporation. At March 31, 1983 the Corporation's outstanding borrowings under this Act were 24.15 times the capital.

The Farm Syndicates Credit Act limits the loan from Canada pursuant to the Act to twenty-five million dollars. At March 31, 1983 the Corporation's loans from Canada under this Act were \$15.8 million.

7. Commitments to farmers

Loans to farmers approved but not disbursed as at March 31, 1983 amounted to \$128.5 million (1982–\$79.3 million), most of which were approved at 13¼% (1982–16¾%). It is expected that the majority

of these loans will be disbursed within the six-month period ending September 30, 1983 from funds to be borrowed by the Corporation.

8. Operating leases

The future minimum lease payments required under operating leases having initial non-cancellable lease terms in excess of one year are as follows:

Year ending March 31, 1984
 1985
 1986
 1987
 1988
 1989 and subsequent

(in thousands of dollars)

These leases generally provide for the payment by the Corporation of real estate taxes and operating expenses in excess of those amounts established at the commencement of the lease term.

FIVE YEAR REVIEW

31

ational

	82-83	81-82	80-81	79-80	78-79
Total loans receivable portfolio					
Number of loans receivable	77,609	74,637	72,663	72,563	73,292
Amount of loans receivable (\$000)	4,291,462	3,847,805	3,842,006	3,192,006	2,867,736
Under Farm Credit Act (including special program)					
Number of loans approved	5,509	4,948	4,686	5,698	5,423
Amount of loans approved gross (\$000)	635,568	499,782	508,885	628,480	514,798
Amount of loans approved net (\$000)	614,371	450,633	393,544	466,700	392,790
Average size of loans approved (\$)	115,369	101,007	108,587	110,298	94,929
Percentage of loans in good standing	88.9	90.6	93.0	91.7	92.0
Under Farm Syndicates Credit Act					
Number of loans approved	84	174	169	167	150
Amount of loans approved (\$000)	2,289	5,569	4,774	4,662	3,590

ncial

Revenues and expenses (\$000)					
Interest income	397,419	337,978	286,324	244,011	210,891
Net interest income	34,061	35,219	31,706	25,898	20,041
Administrative expense	28,233	24,350	21,449	19,135	17,548
Provision for doubtful accounts	31,758	8,711	3,725	2,018	1,461
Net income (loss) before tax	(24,459)	3,461	7,688	6,030	2,616
Net income (loss)	(13,208)	1,869	4,151	3,256	2,287
Financial position (\$000)					
Total assets	4,300,126	3,853,897	3,483,054	3,191,826	2,869,719
Total liabilities	4,136,429	3,700,177	3,344,351	3,067,675	2,760,624
Equity of Canada	163,697	153,720	138,703	124,151	109,095
Selected financial indicators					
Debt to equity ratio	25.20:1	23.98:1	24.03:1	24.65:1	25.26:1
Asset coverage ratio	1.04:1	1.05:1	1.05:1	1.04:1	1.04:1
Interest coverage ratio	.93:1	1.01:1	1.03:1	1.03:1	1.02:1
Profit margin	-3.31%	.55%	1.44%	1.33%	.66%
Return on equity	-8.32%	1.28%	3.16%	2.79%	1.37%
Return on capital	-8.55%	1.37%	3.33%	2.87%	1.38%

The Board of the Corporation is composed of seven members, each of whom is appointed by Order in Council. Members are appointed to terms of up to ten years. The Chairman and Vice-Chairman of the Board are also officers of the Corporation. The Chairman is the Chief Executive Officer and as

such directs and supervises the operations of the Corporation.

The Advisory Committee is appointed by the Minister of Agriculture to advise him and the Corporation on lending policy matters. The major

BOARD MEMBERS



Eiliv H. Anderson
Chairman of the Board, FCC Chairman and
Chief Executive Officer.



Gerald I. Trant
Member of the Board,
Senior Assistant Deputy Minister,
Agriculture Canada



Carol Teichrob
Member of the Board, Turkey Producer, Saskatchewan



W. Ralph deGruchy
Secretary to the Board,
FCC Director of Administration and Personnel

of the members must be farmers or representatives of farm organizations.

Appeal Boards composed of practical farmers of proven ability and judgement are established in each region to hear appeals from farmers who are

not satisfied with the Corporation's decision on any loan application.

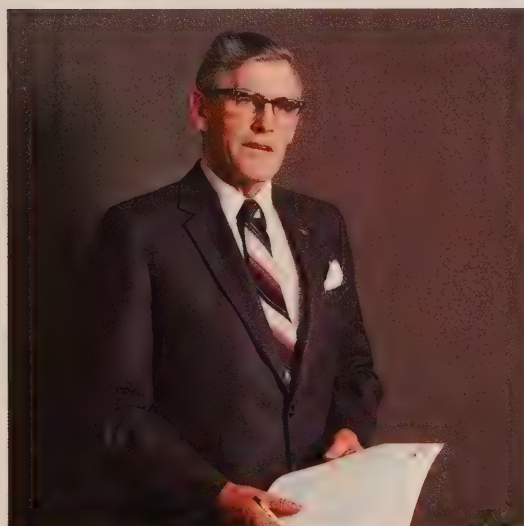
As of March 31, 1983, FCC's total permanent staff was made up of 626 employees including 212 credit advisors and 31 district supervisors.



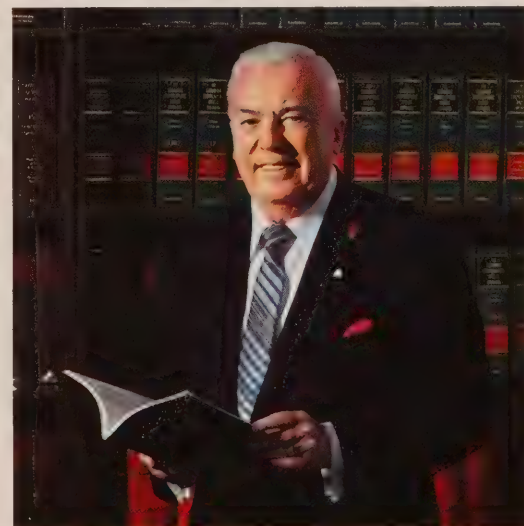
Paul Babey
Vice-Chairman of the Board, FCC Vice-Chairman



Réal Lambert
Member of the Board, Dairy farmer, Québec



Claude Palmer
Member of the Board,
Beef, Potato and Grain Producer,
Prince Edward Island



Edward J. Doyle
Member of the Board, retired Branch Manager of
Canadian Imperial Bank of Commerce, Ontario

**MEMBERS OF THE ADVISORY COMMITTEE/
MEMBRES DU COMITÉ CONSULTATIF**

Don Knoerr
British Columbia/Colombie-Britannique

Walter H. Olson
Alberta

Jean-Marie Bourrée
Saskatchewan

George Vercaigne
Manitoba

Ron Oswald
Ontario

George Gardhouse
Ontario

André Morin
Quebec/Québec

Robert Youngie
Quebec/Québec

Ernest Boudreau
New Brunswick/Nouveau-Brunswick

Alma MacLennan
Prince Edward Island/Île-du-Prince-Édouard

**CHAIRMEN OF APPEAL BOARDS/
PRÉSIDENTS DES COMMISSIONS D'APPEL**

E.T. (Ted) Osborn
British Columbia/Colombie-Britannique

Gordon Miller
Alberta

Enos Sproat
Saskatchewan

Robert W. Hopley
Manitoba

Edward J. Mailloux
Ontario

Robert Brochu
Quebec/Québec

W. Burris Coburn
New Brunswick/Nouveau-Brunswick

Thomas Meredith
Nova Scotia/Nouvelle-Écosse

Wilbert MacKenzie
Prince Edward Island/Île-du-Prince-Édouard

Colin Bull
Newfoundland/Terre-Neuve

HEAD OFFICE/SIÈGE SOCIAL

Eiliv H. Anderson
Chairman and Chief Executive Officer/
Président et Principal fonctionnaire exécutif

Paul Babey
Vice-Chairman/Vice-président

John van Abbema
Executive Assistant/Adjoint exécutif

Jean-E. Brassard
Legal Counsel/Conseiller juridique

Terry Kremenik
Director, Economics and Liaison Services/
Directeur, Services d'économie et de liaison

W. Ralph deGruchy
Director, Administrative and Personnel Services/
Directeur, Services administratifs et du personnel

Gordon H. Hollingshead
Director, Lending Operations/Directeur, Opérations de prêt

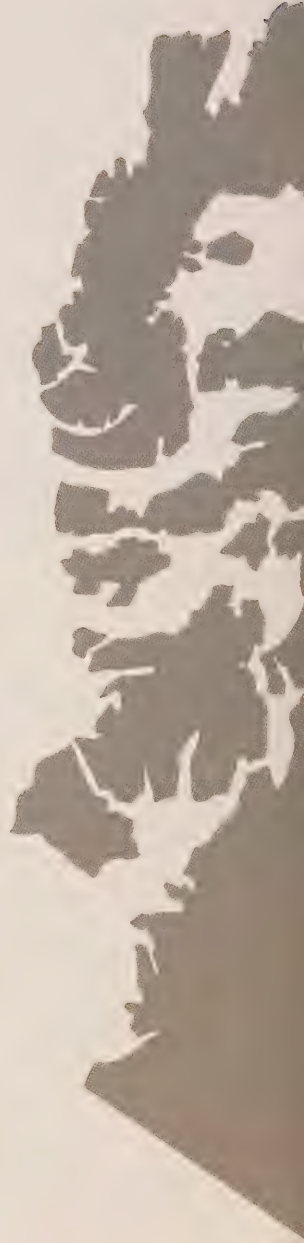
Louise Neveu
Director, Public Relations Services/
Directrice, Services de relations publiques

John J. Poirier
Director, Operational Audit Services/
Directeur, Vérification opérationnelle

William G. Mann
Director, Finance/Directeur, Finances

Thomas R. Robertson
Treasurer/Tresorier

George Pender
Chief Accountant/Comptable en chef





REGIONAL OFFICES/ BUREAUX RÉGIONAUX	British Columbia/ Colombie-Britannique	Alberta	Saskatchewan	Manitoba	Ontario	Quebec/ Québec	Atlantic/ Atlantique
MANAGERS/ GÉRANTS	Jack Cardiff Suite 200 595 K.L.O. Road Kelowna V1Y 8E7 (604) 762-2416	George Jones Suite 1550 Continental Bank Bldg. 10250-101 Street Edmonton T5J 3P4 (403) 420-6751	Dave Fraser 500 South Broad Plaza 2045 Broad Street Regina S4P 2B7 (306) 359-5610	Brian Strom 400-5 Donald Street Winnipeg R3L 2T4 (204) 949-4039	Stewart Given 105 Silvercreek Parkway N., Guelph N1H 7G7 (519) 821-1330	Fabien Langlois Édifice Champlain Bureau 2000 2700, boul. Laurier C.P. 3600 Ste-Foy G1V 4C7 (418) 694-3993	Bob Aumell 2nd Floor Boulevard Plaza Phase I 1133 St. George Blvd. Moncton E1E 4E1 (506) 388-6595
DISTRICT OFFICES/ BUREAUX DE DISTRICT	Kelowna	Calgary, Edmonton, Grande Prairie, Lacombe, Lethbridge, Vegreville	North Battleford, Prince Albert, Regina, Saskatoon, Swift Current, Yorkton	Brandon, Portage la Prairie, Winnipeg	Chatham, Guelph, Lindsay, North Bay, Nepean, Walkerton, Woodstock	Québec, Rimouski, St-Hyacinthe, St-Jean, St-Jérôme, Sherbrooke, Trois-Rivières	Charlottetown, Moncton
FIELD OFFICES/ BUREAUX DE CAMPAGNE	Abbotsford, Dawson Creek, Summerland	Athabasca, Barrhead, Brooks, Camrose, Drumheller, Evansburg, Fairview, Falher, Hanna, Medicine Hat, Peace River, Red Deer, Redwater, Stettler, St. Paul, Vermilion, Wainwright, Westlock, Wetaskiwin	Assiniboia, Carlyle, Humboldt, Kindersley, Meadow Lake, Moose Jaw, Rosetown, Tisdale, Weyburn, Wynyard	Arborg, Carman, Dauphin, Killarney, Morden, Neepawa, Swan River, Virden	Barrie, Campbellford, Cornwall, Essex, Goderich, Kingston, Lambeth, Listowel, New Liskeard, Owen Sound, Simcoe, Stratford, Vineland Station, Wyoming	Arthabaska, Drummondville, Granby, Hull, Joliette, Rivière-du-loup, Roberval, St-Georges de Beauce, Valleyfield, Ville-Marie	Fredericton, Grand Falls, Kentville, St. John's, Summerside, Sussex, Truro, Woodstock

La majorité des membres doivent être des agriculteurs ou des représentants d'organismes agricoles.

Des Commissions d'appel, composées d'agriculteurs actifs, reconnus pour leurs compétences et leur jugement, sont établies dans chaque région pour

entendre les appels déposés par les agriculteurs non satisfaits de la décision rendue par la Société à l'égard de leur demande d'emprunt.

Au 31 mars 1983, l'effectif permanent de la SCA totalisait 626 employés, dont 212 conseillers en crédit et 31 surveillants de district.



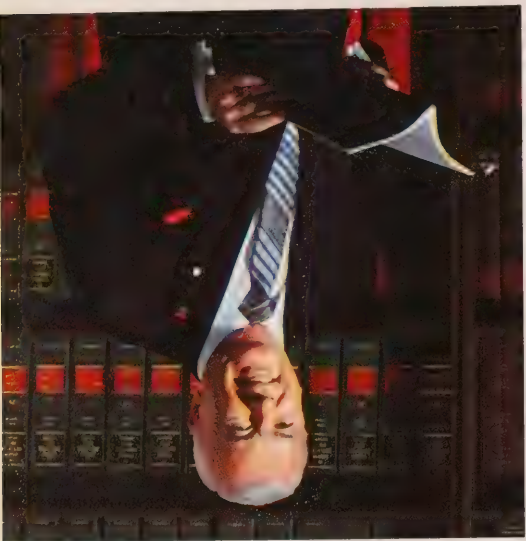
Paul Babey
Vice-président du Conseil d'administration,
Vice-président de la SCA



Claude Palmer
Membre du Conseil d'administration,
Producteur de boeuf, de pommes de terres et de
céréales, Ile-du-Prince-Edouard



Réal Lambert
Membre du Conseil d'administration,
Producteur laitier, Québec



Edward J. Doyle
Membre du Conseil d'administration,
Directeur à la retraite d'une succursale principale,
de la Banque de commerce canadienne impériale,
Ontario

MEMBRES DU CONSEIL
D'ADMINISTRATION

Le Conseil d'administration de la Société est formé de sept membres, tous nommés par décret du Conseil. Les membres sont nommés pour une durée pouvant atteindre dix ans. Le Président et le Vice-président du Conseil d'administration sont également des fonctionnaires de la Société.

Le Président est le principal fonctionnaire exécutif, à ce titre, il dirige et supervise les activités de la Société. Le Comité consultatif est nommé par le Ministre de l'Agriculture et est chargé de le conseiller sur des questions de politique que la Société sur des questions de politique



Eiliv H. Anderson
Président du Conseil d'administration,
Président et Principal fonctionnaire exécutif de la SCA



Carol Teichrob
Membre du Conseil d'administration,
Éleveur de dindons, Saskatchewan



Gerald I. Trant
Membre du Conseil d'administration,
Sous-ministre adjoint principal, Agriculture C



W. Ralph deGruchy
Secrétaire du Conseil d'administration,
Directeur des services administratifs et du
personnel de la SCA

RÉCAPITULATION QUINQUENNALE

de prêts					
Portefeuille de prêts à recevoir global					
77,609	74,637	72,663	72,563	73,292	73,292
Montant des prêts à recevoir (\$000)					
4,291,462	3,847,805	3,842,006	3,192,006	2,867,736	2,867,736
Loi sur le crédit agricole (incluant le programme spécial)					
5,509	4,948	4,686	5,698	5,423	5,423
Nombre de prêts approuvés					
635,568	499,782	508,885	628,480	514,798	514,798
Montant brut des prêts approuvés (\$000)					
614,371	450,633	393,544	466,700	392,790	392,790
Montant net des prêts approuvés (\$000)					
115,369	101,007	108,587	110,298	94,929	94,929
Pourcentage des prêts approuvés (\$)					
88.9	90.6	93.0	91.7	92.0	92.0
à jour					
Loi sur le crédit aux syndicats agricoles					
84	174	169	167	150	150
Nombre de prêts approuvés					
2,289	5,569	4,774	4,662	3,590	3,590
(\$000)					
Revenus et dépenses (\$000)					
397,419	337,978	286,324	244,011	210,891	210,891
Revenu d'intérêts					
34,061	35,219	31,706	25,898	20,041	20,041
Revenu d'intérêts net					
28,233	24,350	21,449	19,135	17,548	17,548
Dépenses administratives					
31,758	8,711	3,725	2,018	1,461	1,461
Provision pour les créances douteuses					
(24,459)	3,461	7,688	6,030	2,616	2,616
Revenu net (perte) avant impôt					
(13,208)	1,869	4,151	3,256	2,287	2,287
Revenu net (perte)					
Situation financière (\$000)					
4,300,126	3,853,897	3,483,054	3,191,826	2,869,719	2,869,719
Actif total					
4,136,429	3,700,177	3,344,351	3,067,675	2,760,624	2,760,624
Passif total					
163,697	153,720	138,703	124,151	109,095	109,095
Avoir du Canada					
Indicateurs financiers choisis					
25.20:1	23.98:1	24.03:1	24.65:1	25.26:1	25.26:1
Ratio du passif à l'avoir net					
1.04:1	1.05:1	1.05:1	1.04:1	1.04:1	1.04:1
Ratio de couverture de l'actif					
.93:1	1.01:1	1.03:1	1.03:1	1.02:1	1.02:1
Ratio de couverture de l'intérêt					
-3.31%	55%	1.44%	1.33%	55%	55%
Marge bénéficiaire					
-8.32%	1.28%	3.16%	2.79%	1.37%	1.37%
Rendement de l'avoir net					
-8.55%	1.37%	3.33%	2.87%	1.38%	1.38%
Rendement du capital					

Notes (suite)

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5. Capital d'apport	<p>Le capital d'apport de la Société représente le montant reçu du Canada en vertu de l'article 12 de la Loi sur le crédit agricole. La limite statutaire actuelle de ce montant est de \$225 millions (1982—\$150 millions). Au cours de l'exercice, le Canada</p>	<p>a versé à la Société \$23.2 millions (1982—\$1 millions) au titre du capital d'apport. Par décision du Conseil, le Ministre de Finances peut accorder une augmentation de capital de \$15.0 million pour l'exercice se terminant le 31 mars 1984.</p>
6. Limites d'emprunt	<p>La Loi sur le crédit agricole limite le montant global du solde des emprunts non réglés de la Société, aux termes de la Loi, à vingt-cinq fois son capital. Au 31 mars 1983, le solde des emprunts non réglés en vertu de cette Loi s'élevait à 24.15 fois son capital.</p>	<p>La Loi sur le crédit aux syndicats agricoles limite les emprunts auprès du Canada, aux termes de la Loi, à vingt-cinq millions de dollars. Au 31 mars 1983, les emprunts de la Société en vertu de cette Loi s'élevaient à \$15.8 millions.</p>
7. Engagements envers les agriculteurs	<p>Les prêts approuvés aux agriculteurs mais non déboursés au 31 mars 1983 s'élevaient à \$128.5 millions (1982—\$79.3 millions). La plupart portaient un taux d'intérêt de 13¼% (1982—16¼%).</p>	<p>On prévoit que la plupart de ces prêts seront déboursés au cours du semestre se terminant septembre 1983, à même des fonds que la Société empruntera d'ici cette date.</p>
8. Contrats de location—exploitation	<p>Les versements minimaux futurs exigibles en vertu de contrats de location exploitation comportant une durée initiale non résiliable de plus d'un an se résument comme suit:</p>	
<p>(en millions de dollars)</p>		
<p>Exercice se terminant le 31 mars</p>		
1984	1985	
1986	1987	1,1
1988	1989 et après	1,1
1989 et après		3,0
		\$9,0
<p>Ces baux prévoient généralement le paiement par la Société des impôts fonciers et des frais d'exploitation en sus des montants fixés au début du terme du bail.</p>		

Notes (suite)

nts

Période n'excédant pas	Taux d'intérêt annuel %	1983 1982 (en milliers de dollars)
------------------------------	-------------------------------	--

Emprunts auprès du Canada, garantis
par billets à ordre

Loi sur le crédit agricole
Loi sur le crédit aux syndicats

Programme de développement des
agricoles
petites fermes

Emprunts sur les marchés financiers,
garantis par des billets à ordre
Loi sur le crédit agricole

20 ans	4 — 15%	\$3,931,505	\$3,559,015
5 ans	7% — 16½	15,766	16,576
20 ans	6 — 9	8,249	8,667
10 ans	12%	50,000	—
		3,955,520	3,584,258
		4,005,520	3,584,258
		119,386	102,070
		\$4,124,906	\$3,686,328

Intérêt couru

Les échéances par exercice financier sont les suivantes:

Echéances par exercice financier

1983	\$ —	\$ 262,316
1984	286,633	163,621
1985	181,758	174,458
1986	193,767	185,503
1987	183,072	173,701
1988	179,425	170,147
1989 à 2004	3,100,251	2,556,582
	\$4,124,906	\$3,686,328

(en milliers de dollars)

L'intérêt couru au 31 mars 1983, soit \$119,386,000 (1982 — \$102,070,000) paraît comme venant à échéance au cours de l'exercice se terminant le 31 mars 1984.

Par décret du Conseil, le Ministre des Finances est autorisé à accorder une augmentation nette des emprunts auprès du Canada de \$456,700,000 pour l'exercice se terminant le 31 mars 1984.

3. Prêts

Année	Taux d'intérêt annuel %	Période n'excédant pas
1983		

(en milliers de dollars)

1983

Prêts aux agriculteurs, garantis par hypothèques	30 ans	5 — 16%	\$4,255,857	\$3,812,991
Prêts aux syndicats agricoles, garantis par billets à ordre	15 ans	6¼ — 17½	15,798	17,441
Prêts à recevoir résultant de ventes immobilières, garantis par des contrats de vente ou des hypothèques	28 ans	5 — 16%	13,126	10,111
Prêts à recevoir aux termes du Programme de développement des petites fermes, garantis par des contrats de vente	21 ans	7 — 10	6,681	7,212
Moins: Provision pour créances douteuses			4,291,462	3,847,810
			\$4,256,792	\$3,836,770

Les échéances par exercice financier sont les suivantes:

Échéances par exercice financier

1983	\$ —	\$ 291,384
1984	345,292	88,210
1985	98,977	93,384
1986	105,001	98,410
1987	111,265	103,710
1988	117,910	109,010
1989 à 2013	3,513,017	3,063,510
	\$4,291,462	\$3,847,810

(en milliers de dollars)

1983

Un intérêt couru de \$211,389,000 (1982 — \$182,552,000) et des arretages de \$79,639,000 (1982 — \$53,384,000) sont inclus au 31 mars 1983 et identifiés comme venant à échéance au cours de l'exercice se terminant le 31 mars 1984. Au cours de l'exercice, la SCA a reçu des agriculteurs \$54,037,000 (1982 — \$35,774,000) en paiements anticipés de prix.

La Société du crédit agricole a été constituée en vertu de la Loi sur le crédit agricole en 1959 afin de succéder à la Commission du prêt agricole canadien. Son objectif premier est d'aider les agriculteurs canadiens à établir et à aménager des exploitations agricoles rentables en leur fournissant du crédit à long terme sous le régime de la Loi sur le crédit agricole.

Sous le régime de la Loi sur le crédit agricole, la Société peut être appelée à appliquer certains programmes à la demande du gouvernement. C'est ainsi que la Société consent, à l'heure actuelle, du crédit dans le cadre du Programme spécial d'aide financière à l'agriculture, un programme temporaire qui prendra fin en juin 1984 et qui a été lancé afin de venir en aide aux agriculteurs en difficulté financière.

Provision pour créances douteuses
La provision pour créances douteuses a trait aux prêts à recevoir et représente les pertes que la Société prévoit subir sur les comptes impayés à la fin de l'exercice. Les pertes réelles sur les prêts ainsi que les dévaluations des immeubles acquis à leur valeur nette réelle sont imputées à la provision tandis que les pertes recouvrées y sont créditées. La provision au bilan, rajustée au niveau approprié, est imputée à l'exploitation à titre de provision pour créances douteuses.

Constatation des revenus
Les revenus d'intérêt sont inscrits selon la méthode de comptabilité d'exercice.

Frais d'émission de la dette
L'escampte et les frais liés à l'émission de titres sont amortis selon la méthode linéaire sur la durée de l'émission et le montant amorti est imputé aux frais d'intérêt.

Régime de retraite
Les employés de la Société participent au Régime de pension de retraite de la Fonction publique. Les employés et la Société contribuent à parts égales à ce régime. Les cotisations relatives aux services courants sont imputées aux résultats de l'exercice pendant lequel les services ont été rendus.

Prestations de cessation d'emploi
Au moment de leur cessation, les employés de la Société peuvent recevoir des indemnités en vertu de leurs modalités d'emploi. Les frais de ces prestations sont inscrits lorsque les prestations sont payées aux employés.

Impôts sur le revenu reportés
La Société comptabilise les impôts sur le revenu selon la méthode du report d'impôt, selon laquelle les impôts sur le revenu sont calculés sur tous les éléments compris à l'état des résultats indépendamment du moment où ces éléments seront considérés du point de vue fiscal. Les impôts reportés résultent principalement de l'écart entre la provision pour créances douteuses imputée à l'exploitation et le montant réclamé aux fins fiscales, au titre des réserves hypothécaires déductibles en vertu de l'article 33 de la Loi de l'impôt sur le revenu.

Les frais de service réalisés sur les prêts aux syndicats agricoles sont comptabilisés lorsque les prêts sont déboursés.
Les pénalités perçues sur les paiements de prêts anticipés sont comptabilisées lorsque les paiements anticipés sont appliqués en réduction du principal du prêt.

Biens-fonds
Les propriétés immobilières sont comptabilisées au coût d'origine ou à la valeur de réalisation nette, selon le moins élevé des deux. Il s'agit de propriétés agricoles acquises dans le cadre de l'administration des prêts impayés à recevoir. La Société doit se départir de ces propriétés dans les cinq années qui suivent leur acquisition ou au cours de toute période supplémentaire que peut prescrire le Gouverneur en conseil.

Evolution de la situation financière

Société du crédit agricole

pour l'exercice terminé le 31 mars 1983

1983		(en milliers de dollars)	
Provenance des fonds	Emprunts auprès du Canada	\$535,300	\$48
	Moins: Emprunts refinancés et remboursés	164,037	15
		371,263	33
Emprunts d'autres sources	Remboursements de prêts	55,000	
	Capital d'apport du Canada	133,114	11
		23,185	1
Utilisation des fonds	Exploitation	13,208	(
	Perte (bénéfice net)	16,693	2
	Eléments n'affectant pas l'encaisse	29,901	1
Prêts aux agriculteurs	Moins: Prêts refinancés	555,092	47
		22,321	4
		532,771	42
Variation nette des autres éléments d'actif et de passif		3,035	
		565,707	44
		16,855	
Augmentation de l'encaisse	Encaisse au début de l'exercice	12,377	
	Encaisse à la fin de l'exercice	\$ 29,232	\$ 1

Les notes ci-jointes font partie intégrante des états financiers.

Etat des résultats et du déficit

Société du crédit agricole

pour l'exercice terminé le 31 mars 1983

1983	1982	(en milliers de dollars)
Revenus		
Revenus d'intérêt	\$397,419	
Moins: Frais d'intérêt	363,358	
Revenu net d'intérêt	34,061	
Honoraires et autres revenus	1,471	
	36,532	
Frais		
Salaires et prestations aux employés	21,363	
Locaux	2,051	
Voyages	2,135	
Autres	2,684	
	28,233	
Provision pour créances douteuses	31,758	
	8,711	
	33,061	
Perte (bénéfice net) avant impôts sur le revenu	24,459	
Impôts sur le revenu reportés	(11,251)	
Perte (bénéfice net)	13,208	
Bénéfices non répartis au début de l'exercice	(10,872)	
Déficit (bénéfices non répartis) à la fin de l'exercice	\$ 2,336	
	\$ (10,872)	

Les notes ci-jointes font partie intégrante des états financiers.

(en milliers de dollars)

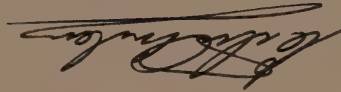
1983

Actif		
Encaisse	\$ 29,232	\$ 1
Débiteurs	229	
Prêts (note 3)	4,256,792	3,83
Biens-fonds	7,632	
Immobilisations	1,442	
Frais d'émission de la dette non amortis	1,480	
Impôts sur le revenu reportés	3,319	
	\$4,300,126	\$3,85
Passif		
Créditeurs et frais courus	\$ 4,215	\$
Billets à court terme	5,000	
Provision pour prestations de cessation d'emploi	2,308	
Impôts sur le revenu reportés	—	
Emprunts (note 4)	4,124,906	3,68
	4,136,429	3,70
Avoir du Canada		
Capital d'apport (note 5)	166,033	14
Déficit (bénéfices non répartis)	2,336	(1)
	163,697	15
	\$4,300,126	\$3,85

Les notes ci-jointes font partie intégrante des états financiers.

Approuvé par le Conseil:

Le Président



Le Vice-président

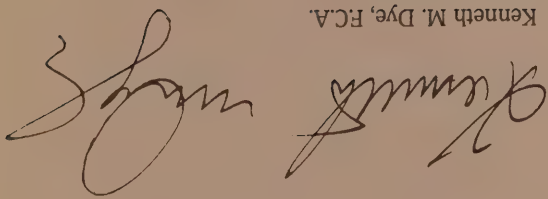


L'honorable Eugene Francis Whelan, C.P., député
Ministre de l'Agriculture

J'ai vérifié le bilan de la Société du crédit agricole au 31 mars 1983 ainsi que l'état d'exploitation et état du déficit et l'état de l'évolution de la situation financière pour l'exercice terminé à cette date. Ma vérification a été effectuée conformément aux normes de vérification généralement reconnues, et a comporté par conséquent les sondages et autres procédés que j'ai jugés nécessaires dans les circonstances. À mon avis, ces états financiers présentent un aperçu juste et fidèle de la situation financière de la Société au 31 mars 1983 ainsi que les résultats de son exploitation et l'évolution de sa situation financière pour l'exercice terminé à cette date selon les principes comptables généralement reconnus, appliqués de la même manière qu'au cours de l'exercice précédent.

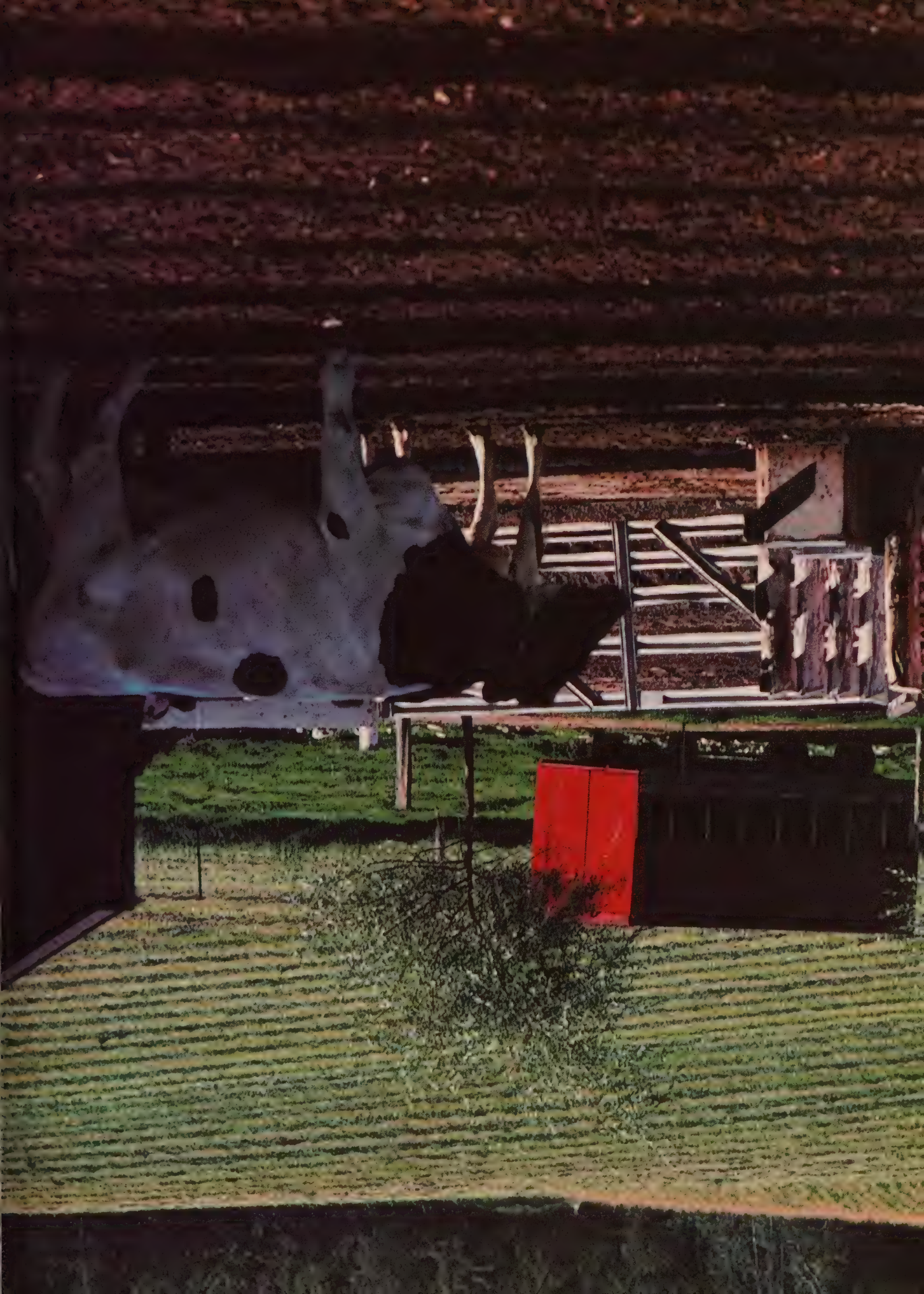
De plus, je déclare que la Société, à mon avis, a tenu des livres de comptabilité appropriés, que les états financiers sont conformes à ces derniers et que les opérations dont j'ai eu connaissance ont été effectuées dans le cadre de ses pouvoirs statutaires.

le vérificateur général du Canada



Kenneth M. Dye, F.C.A.

Ottawa (Ontario)
le 9 juin 1983



Prêts à recevoir sur ventes de biens immobiliers (L.C.A.)					
Nombre	Principal non échu (\$000)	Arrérages totaux (\$000)	Intérêts courus (\$000)	Versements anticipés (\$000)	Total net (\$000)
Colombie-Britannique	6	98	—	3	101
Alberta	22	615	64	43	712
Saskatchewan	2	133	38	6	175
Manitoba	14	788	6	61	853
Ontario	143	7,403	376	384	8,103
Québec	46	2,189	18	118	2,320
Nouveau-Brunswick	5	105	5	10	120
Nouvelle-Écosse	4	290	—	9	299
Ile-du-Prince-Édouard	5	271	24	25	320
Terre-Neuve	2	103	18	2	123
Canada	249	11,995	549	661	13,126
Prêts à recevoir dans le cadre du Programme de développement des petites fermes (L.C.A.)					
Colombie-Britannique	5	65	3	3	71
Alberta	150	1,846	29	102	1,963
Saskatchewan	188	2,878	57	152	3,077
Manitoba	76	1,128	26	47	1,198
Ontario	10	117	5	4	125
Québec	7	57	2	2	61
Nouveau-Brunswick	6	68	1	4	73
Nouvelle-Écosse	2	19	1	—	20
Ile-du-Prince-Édouard	9	89	1	3	93
Terre-Neuve	—	—	—	—	—
Canada	453	6,267	125	317	6,681
77,609	4,036,567	79,639	211,389	(36,133)	4,291,462
TOTAL					

Tableau 3

Portefeuille de prêts à recevoir au 31 mars 1983

Principal non échu (\$000) Arrérages totaux (\$000) Intérêts courus (\$000) Versements anticipés (\$000) Total

Prêts aux agriculteurs (L.C.A.)

Colombie-Britannique	2,489	153,566	3,733	7,531	(2,838)
Alberta	15,392	718,891	15,147	44,741	(6,391)
Saskatchewan	22,284	1,059,330	14,082	66,698	(5,175)
Manitoba	7,733	380,510	10,049	20,247	(3,690)
Ontario	18,269	1,122,112	23,737	44,833	(14,449)
Québec	7,830	465,509	8,960	20,238	(1,845)
Nouveau-Brunswick	841	46,693	837	2,337	(695)
Nouvelle-Écosse	160	6,975	283	2,293	(474)
Île-du-Prince-Édouard	946	42,641	922	331	(158)
Terre-Neuve	99	8,067	242		
Canada	76,043	4,004,294	77,992	209,484	(35,913)

Prêts aux syndicats agricoles (L.C.S.A.)

Colombie-Britannique	8	174	16	10	—
Alberta	134	2,096	209	198	(20)
Saskatchewan	62	1,028	45	82	(2)
Manitoba	198	2,226	248	166	(32)
Ontario	210	3,311	258	161	(23)
Québec	229	4,697	152	283	(32)
Nouveau-Brunswick	10	253	27	15	—
Nouvelle-Écosse	3	53	—	4	—
Île-du-Prince-Édouard	7	67	18	4	—
Terre-Neuve	3	106	—	4	(4)
Canada	864	14,011	973	927	(113)

AFFECTION DES FONDS
Le total des fonds utilisés s'est élevé à \$565,7 millions, soit une augmentation de \$115,8 millions ou de 25,7 pour cent par rapport à 1981-1982.

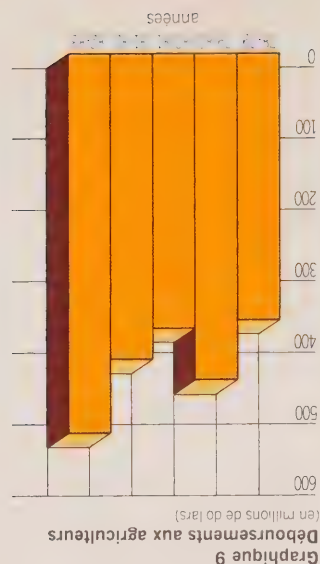
Dans le cadre de l'exploitation, il y a eu une sortie nette de fonds de \$29,9 millions cette année.

Le déficit de l'encaisse est le résultat d'une sortie excessive de liquidités sous forme d'intérêts et de dépenses administratives par rapport à l'entrée de liquidités sous forme d'intérêts et d'autres revenus. Le plus important facteur qui a contribué à ce déficit de l'encaisse est l'augmentation de \$22,1 millions en intérêts dus mais non payés par les agriculteurs.

Au cours du dernier exercice, la Société a déboursé \$532,8 millions en prêts nets aux agriculteurs, ce qui représente une augmentation de \$103,2 millions par rapport aux \$429,6 millions déboursés l'année précédente (voir le graphique 9). Ces déboursés nets de prêts, auxquels s'ajoutent les \$22,3 millions en prêts actifs refinancés, font passer le déboursément brut total de l'année à \$555,1 millions.

Les déboursés nets de prêts se répartissent comme suit: \$530,5 millions sous le régime de la Loi sur le crédit agricole dont \$116,4 millions dans le cadre du Programme spécial d'aide financière à l'agriculture, et \$2,3 millions sous le régime de la Loi sur le crédit aux syndicats agricoles.

PORTFEUILLE DE PRÊTS À RECEVOIR
La Société administre un portefeuille de prêts comprenant 77,609 comptes dont l'encours s'élevait à \$4,291,5 millions au 31 mars 1983 (voir le tableau 3). De ce total, 76,043 comptes pour un montant de \$4,255,9 millions représentent les prêts consentis en vertu de la Loi sur le crédit agricole et 864 comptes pour un montant de \$15,8 millions représentent ceux consentis sous le régime de la Loi sur le crédit aux syndicats agricoles. Les prêts aux agriculteurs (L.C.A.) comprennent 1,160 prêts pour un montant de \$162,7 millions consentis dans le cadre du Programme spécial d'aide financière à l'agriculture. Le portefeuille comprend également 249 comptes s'élevant à \$13,1 millions qui représentent les sommes à recevoir sur les ventes de biens immobiliers. Enfin, la Société administre 453 comptes pour un montant de \$6,7 millions relativement au Plan de transfert des terres, un élément du Programme de développement des petites fermes d'Agriculture Canada, qui s'est terminé le 31 mars 1979.



La Société a contracté auprès du Canada des emprunts bruts s'élevant à \$535,3 millions en 1982-1983. Elle a remboursé \$29,4 millions et refinancé un montant supplémentaire de \$134 millions, arrivés à échéance durant l'année, ce qui porte ses emprunts nets auprès du Canada à \$371,3 millions. De plus, la SCA a emprunté \$55,0 millions des marchés monétaires et de capitaux pour compléter son programme de financement pour cette année.

importante de l'augmentation totale de la provision pour créances douteuses, soit \$13,4 millions, découle en effet des prêts consentis aux agriculteurs en sérieuse difficulté financière, dans le cadre du Programme spécial d'aide financière à l'agriculture. L'estimation des pertes futures probables de la Société repose sur une analyse récente et approfondie de l'incidence de la conjoncture économique sur son portefeuille de prêts.

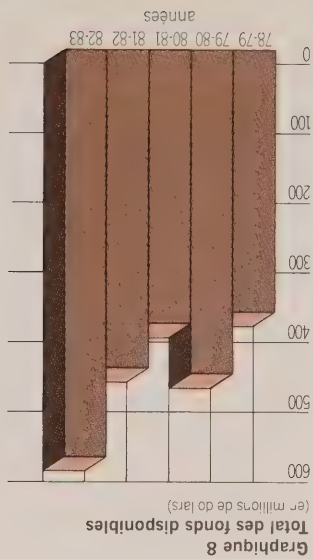
Impôts sur le revenu reportés

La perte de la Société pour l'année, avant les impôts sur le revenu, a atteint \$24,5 millions. Cependant, cette perte a été ramenée à \$13,2 millions après impôts grâce à un crédit d'impôts de \$11,3 millions qui a permis d'annuler les impôts sur le revenu reportés exigibles et de créer un avantage fiscal potentiel de \$3,3 millions. La Société comptabilise l'impôt sur le revenu selon la méthode du report d'impôt, qui reconnaît l'effet fiscal des transactions lorsqu'elles sont inscrites aux bénéfices comptables, indépendamment de la date où elles sont déclarées aux fins de l'impôt sur le revenu.

PROVENANCE DES FONDs

Au cours de l'exercice, la Société a disposé d'un montant total de \$582,6 millions pour financer ses programmes et activités, soit une augmentation de \$123,6 millions comparativement aux \$459,0 millions de l'année précédente (voir le graphique 8).

Le Canada a versé \$23,2 millions en capital à la Société en vertu de l'article 12 de la Loi sur le crédit agricole, ce qui portait son apport total en capital depuis l'entrée en vigueur de la loi à \$166,0 millions. L'augmentation totale en capital et en prêts nets de toutes sources a par conséquent été de \$101,3 millions par rapport à l'année précédente.





SYNTHÈSE

La Société du crédit agricole est classée à l'annexe D de la Loi sur l'administration financière à titre de corporation de propriétaire. On la désigne sous le nom d'institution prêteuse de la Couronne dans les Comptes publics du Canada. Compte tenu de sa classification, il est prévu qu'elle soit autosuffisante, donc qu'elle génère les fonds nécessaires pour rembourser tous ses emprunts et pour mener ses activités sans crédits budgétaires. Grâce à une modification qui a été apportée à la loi qui la régit, la Société est autorisée, depuis le 7 avril 1982, à emprunter de sources autres que le Fonds du revenu consolidé du gouvernement du Canada. Tous les emprunts contractés auprès de ces autres sources constituent des obligations directes de Sa Majesté du Chef du Canada.

RÉSULTATS D'EXPLOITATION

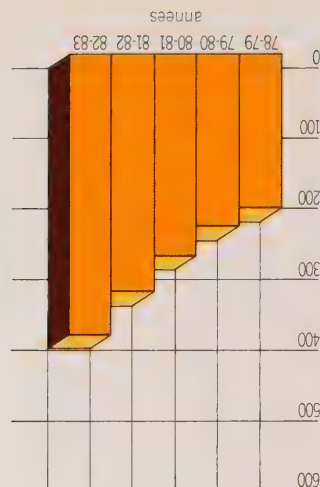
Perte

La Société a subi une perte de \$13,2 millions au cours de l'année comparativement à un revenu net de \$1,9 million enregistré l'année précédente. Cette baisse de \$15,1 millions est principalement attribuable à l'augmentation importante de la provision pour créances douteuses. Il est important de remarquer que les principaux facteurs qui ont contribué à réduire le revenu net fluctuent selon les conditions économiques.

Dépenses
Les dépenses administratives de cette année s'élevaient à \$28,2 millions, soit une augmentation de \$3,9 millions comparativement aux \$24,3 millions enregistrés en 1981-1982. On peut attribuer \$0,7 million de cette augmentation à une plus grande utilisation d'années-personnes et \$3,2 millions principalement à l'inflation.

La provision pour les créances douteuses s'est élevée à \$31,8 millions cette année, ce qui représente une augmentation de \$23,1 millions par rapport aux \$8,7 millions de l'année précédente. Cette augmentation est surtout attribuable à la gravité de la crise économique en général et plus particulièrement à la proportion accrue de prêts à risques élevés qu'elle a suscitée. Une partie

Graphique 7
Revenu d'intérêts
(en millions de dollars)





Prêts approuvés par province

e crédit agricole

Montant brut (\$'000)	Nombre	Montant brut (\$'000)	Nombre
1983		1983	
1982			

1) Programme ordinaire

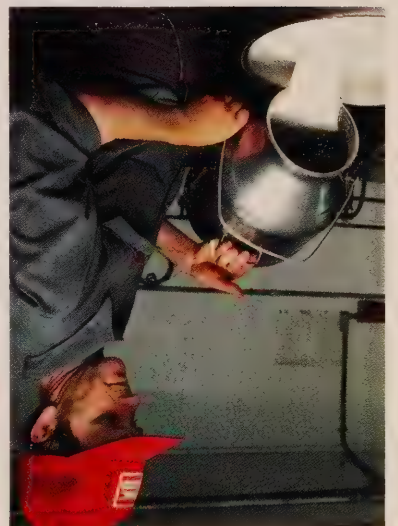
Colombie-Britannique	161	21,270	140	15,911	71,415
Alberta	862	107,847	721	112,902	44,236
Saskatchewan	1,605	176,429	1,236	114,299	76,536
Manitoba	444	41,550	448	1,048	8,129
Ontario	950	101,263	777	95	263
Québec	362	30,974	87	6,773	891
Nouveau-Brunswick	75	5,261	5	451,355	
Nouvelle-Écosse	5	232			
Ile-du-Prince-Édouard	66	4,078			
Terre-Neuve	13	1,361			
Canada	4,543	490,265	4,566		

2) Programme spécial d'aide financière à l'agriculture

Colombie-Britannique	51	11,834	15	3,592	48,427
Alberta	75	16,825	20	3,922	16,030
Saskatchewan	128	21,076	48	5,689	6,206
Manitoba	101	13,533	43	6,206	9,378
Ontario	413	60,528	128	16,030	662
Québec	152	17,404	86	9,378	345
Nouveau-Brunswick	10	857	6	662	2,150
Nouvelle-Écosse	1	53	4	345	353
Ile-du-Prince-Édouard	28	2,635	25	2,150	48,427
Terre-Neuve	7	558	7	353	
Canada	966	145,303	382	48,427	
TOTAL	5,509	635,568	4,948	499,782	

le crédit aux syndicats

Colombie-Britannique	2	77	-	-	-
Alberta	18	525	27	869	431
Saskatchewan	6	207	14	596	1,179
Manitoba	13	376	25	596	2,307
Ontario	21	610	38	1,179	187
Québec	20	363	64	2,307	
Nouveau-Brunswick	4	131	6	187	
Nouvelle-Écosse	-	-	-	-	
Ile-du-Prince-Édouard	-	-	-	-	
Terre-Neuve	-	-	-	-	
Canada	84	2,289	174	5,569	



Biens immobiliers et pertes sur les prêts
La Société est devenue propriétaire de 91 exploitations agricoles au cours de l'année comparativement à 35 l'an passé. Elle en a vendu 45 pendant l'exercice et en détenait encore 82 en fin d'année. La valeur au livre des propriétés en main est passée de \$3,327,101 au début de l'exercice à \$7,631,550 à la fin. Quelque 30 propriétés ont également été vendues en vertu du pouvoir de vente, donc sans que la Société n'entre en possession des titres de propriété.

Le montant des pertes sur les prêts a plus que doublé au cours de l'exercice. Si l'on comprend la dévaluation des propriétés en main, les pertes nettes sur les prêts s'élevaient à \$8,078,021 comparative-ment à \$3,040,943 en 1981-1982. Ce chiffre représente 0,2 pour cent du montant total des prêts à recevoir au 31 mars 1983.

Une analyse des propriétés agricoles reprises par la Société ou vendues en vertu du pouvoir de vente révèle que 59 pour cent d'entre elles étaient des élevages de porcs ou de bovins de boucherie.

ACTIVITÉS SOUS LE RÉGIME DE LA LOI SUR LE CRÉDIT AUX SYNDICATS AGRICOLES

La Loi sur le crédit aux syndicats agricoles autorise la Société du crédit agricole à consentir des prêts à des syndicats d'agriculteurs qui désirent se regrouper pour partager les coûts élevés que représente pour chacun d'eux la propriété de machinerie, de bâtiments et d'équipement fixe. Un syndicat est un groupe de trois personnes ou plus, dont la majorité a l'agriculture comme activité principale. Des prêts peuvent être consentis jusqu'à concurrence de \$100,000 ou de \$15,000 par membre admissible, en prenant le moindre des deux montants.

En 1982-1983, la Société a approuvé 84 prêts des syndicats pour un montant de \$2,288,766 comparativement à 174 prêts pour un montant de \$5,568,816 en 1981-1982 (voir le tableau 2). Cette baisse d'activités peut être attribuée au d'intérêt relativement élevés qui étaient en vigueur sur les prêts de syndicat au cours du dernier semestre de l'exercice financier.

Le taux d'intérêt sur ces prêts est fixé les 1^{er} et 1^{er} octobre de chaque année. Le taux de base repose sur le rendement des obligations du gouvernement du Canada établies sur une période de dix années et venant à échéance durant les six mois précédents l'établissement du nouveau taux de marge de un pour cent est ajoutée au taux de base. Le 1^{er} octobre 1982, le taux a été fixé à 15% jusqu'au 31 mars 1983. La tendance à la baisse du taux d'intérêt durant cette période a découragé les agriculteurs d'emprunter sous ce programme ce que le taux d'intérêt soit injuste.

À la fin de l'exercice financier, 85,2 pour cent des prêts aux syndicats étaient en règle comparativement à 88,2 pour cent l'année précédente. La Société a subi une perte de \$19,706 sur un prêt de syndicat

Assurance-vie

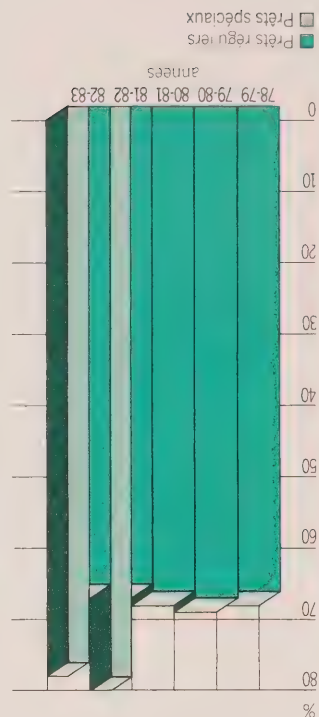
La SCA met un régime collectif d'assurance-vie à la disposition de ses emprunteurs afin de réduire les risques de l'exploitation. Elle suit constamment l'évolution du marché pour assurer à ses emprunteurs la plus faible prime possible pour ce service. Au cours de l'exercice financier 1982-1983, 94,2 pour cent des prêts approuvés étaient couverts en partie ou en totalité par une police d'assurance-vie dans le cadre de ce régime.

Administration des prêts

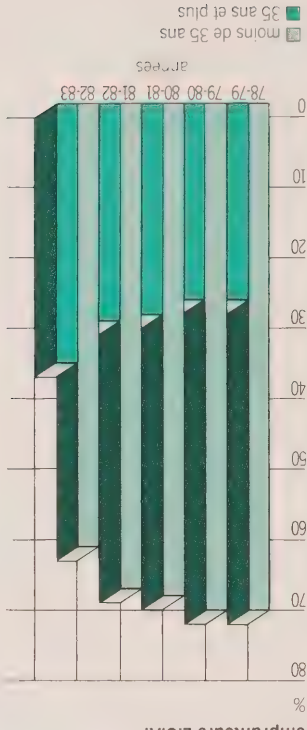
La situation financière précaire de bon nombre d'agriculteurs a entraîné une augmentation sensible des arretages de la SCA. Le pourcentage des comptes en règle (ayant des arretages inférieurs à \$500) sous le régime de la Loi sur le crédit agricole s'établissait à 88,9 pour cent au 31 mars 1983. Ce chiffre se compare favorablement à celui de l'exercice 1970-1971 alors que la situation écono-

mique était comparable. Le revenu agricole net réel des agriculteurs canadiens avait alors atteint son niveau le plus bas et le pourcentage des comptes en règle de la SCA avait diminué à 83,9 pour cent. Les paiements totaux versés en 1982-1983 représentaient 84,3 pour cent de la somme échue comparativement à 87,6 pour cent l'an passé. Au cours de l'année, la Société a commencé une étude pour mesurer l'impact de la conjoncture économique actuelle sur son portefeuille de prêts. En identifiant avec plus de précision les comptes qui pourraient éventuellement se retrouver en difficulté, elle peut tenir compte des besoins de ces emprunteurs dans sa politique de perception. La Société reconnaît que les risques de pertes seront plus élevés au cours des prochaines années. Elle envisage donc plusieurs options pour faire face à cette éventualité.

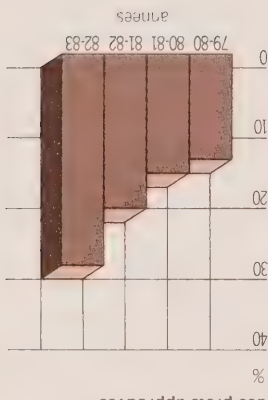
Graphique 4 Ratios prêt-garantie



Graphique 5 Répartition selon l'âge des emprunteurs L.C.A.



Graphique 6 Services consultatifs en pourcentage des prêts approuvés



EXAMEN DES OPERATIONS (SUITE)

Services aux emprunteurs

La Société offre des services consultatifs à ses nouveaux emprunteurs ainsi qu'aux emprunteurs de plus longue date qui en font la demande. La participation est généralement volontaire sauf pour les emprunteurs dans le cadre du Programme spécial d'aide financière à l'agriculture. Le but du programme de services consultatifs est d'aider les agriculteurs à gérer le financement de leur entreprise plus efficacement. Il est particulièrement utile aux emprunteurs qui font face à des risques élevés et à une situation financière instable. Grâce à une planification financière efficace et à une analyse régulière des opérations de l'entreprise, il est souvent possible d'identifier les problèmes assez tôt pour que les agriculteurs puissent apporter rapidement les correctifs qui s'imposent.

À la fin de l'exercice, 3,802 exploitations agricoles étaient inscrites à ce service. Le nombre d'agriculteurs qui se prévalent du programme de services consultatifs a encore augmenté cette année, par rapport à 30 pour cent des prêts approuvés (voir le graphique 6). Les ressources que la Société utilise dans ce programme devraient conduire éventuellement à des provisions moindres pour créances douteuses.

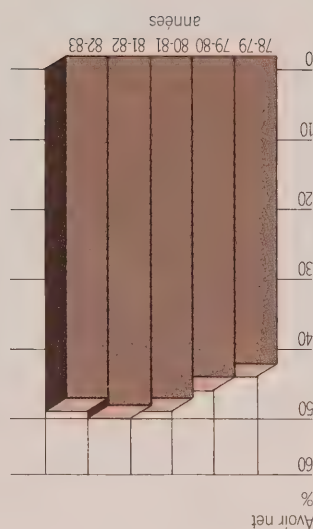
Le personnel de la Société maintient des rapports suivis avec les autres organismes fédéraux et provinciaux à caractère agricole et leur réfère les demandes de prêts approuvés pour compléter le service de conseils financiers.



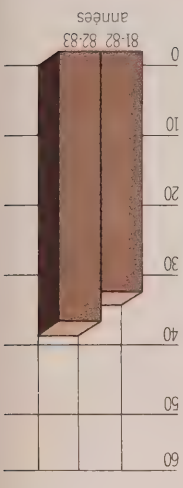
Graphique 1
But des prêts approuvés



Graphique 2
Pourcentages moyens d'avoir net
Prêts réguliers



Graphique 3
Pourcentages moyens d'avoir net
Prêts spéciaux



Approbations de prêts
 Durant l'exercice financier 1982-1983, la Société a approuvé 5,509 prêts pour un montant brut de \$635,567,760, ce qui représente une augmentation de 11,3 pour cent du nombre de prêts et de 27,2 pour cent du montant approuvé comparativement à l'année précédente (voir tableau 1). Sur les 5,509 prêts, 191 ont été consentis sous le régime de l'article 33 de la Loi pour un montant total de \$18,884,500 et 966 dans le cadre du Programme spécial d'aide financière à l'agriculture pour un montant total de \$145,302,600.

Le montant net approuvé, lequel n'inclut par le refinancement des prêts actifs de la SCA, s'est élevé à \$614,370,605 pour la totalité des prêts accordés en vertu de la Loi sur le crédit agricole, soit une augmentation de 34,2 pour cent par rapport à l'exercice précédent.

Le montant moyen des prêts approuvés a été de l'ordre de \$115,369, comparativement à \$101,007 en 1981-1982. Cette hausse est attribuable à la nécessité pour de nombreux agriculteurs de refinancer un niveau de dettes plus élevé afin d'atténuer les pressions exercées sur leur situation de caisse.

Le pourcentage de refinancement des prêts de la SCA a de nouveau enregistré une baisse, passant de 9,8 pour cent en 1981-1982 à 3,3 pour cent cette année. Bon nombre de demandeurs ont préféré ne pas consolider leurs prêts afin de conserver les avantages d'un prêt antérieur à un taux d'intérêt inférieur et de pouvoir rembourser par anticipation leurs prêts à taux d'intérêt plus élevés. Tous les prêts de la SCA approuvés depuis le 1^{er} octobre 1982 sont assujettis à une pénalité maximale de trois mois d'intérêt en cas de remboursement par anticipation.

But des prêts
 Le pourcentage combiné des sommes affectées au remboursement des dettes hypothécaires et des autres dettes est passé de 34,9 à 50,4 pour cent (voir le graphique 1). Cette hausse illustre bien la situation financière difficile de nombreux agriculteurs qui font une demande de prêt, mais elle découle également du fait que la SCA a consacré une grande partie de ses fonds au Programme spécial d'aide financière à l'agriculture.

Caractéristiques des emprunteurs
 La SCA prête à des agriculteurs qui sont considérés par le secteur privé comme présentant des risques élevés. Selon une étude menée en 1981 par la Société, la ferme canadienne moyenne a un avoir net de 85 pour cent. Chez ses emprunteurs qui ont des prêts ordinaires, ce ratio s'est élevé en moyenne à près de 50 pour cent au cours des cinq dernières années (voir le graphique 2). Quant aux prêts consentis dans le cadre du Programme spécial d'aide financière à l'agriculture, l'avoir net moyen était encore plus bas, soit de 40 pour cent pour le dernier exercice et de 36 pour cent l'année précédente (voir le graphique 3). En outre, l'actif moyen des emprunteurs de la SCA, à \$388,000, est légèrement inférieur à la moyenne nationale du recensement agricole de 1981 qui est de \$409,000. La Société a donc assumé des risques supplémentaires afin de desservir les petits agriculteurs et ceux qui sont fortement endettés.

Un autre moyen de mesurer le risque est le ratio prêt-garantie. Depuis que la SCA a reçu, en 1975-1976, l'autorisation de consentir des prêts pouvant atteindre 100 pour cent de la valeur de la garantie, le ratio prêt-garantie a augmenté (voir le graphique 4). Tel que le graphique l'indique, la Société a consacré une grande partie de son portefeuille aux agriculteurs qui ne pouvaient offrir autant de garanties que celles requises par le passé. Cette tendance vers les plus faibles pourcentages d'avoir net et les ratios prêt-garantie plus élevés peut être rattachée à l'âge des emprunteurs de la SCA et à la sombre situation économique.

La Société a continué de prêter la plus forte proportion de ses fonds aux agriculteurs âgés de moins de 35 ans, soit 63 pour cent de la totalité des prêts en 1982-1983 (voir le graphique 5). Comme la majorité de ces agriculteurs ont des ressources limitées et un avoir net peu élevé, ils doivent compter grandement sur l'emprunt de capitaux à long terme pour s'établir ou pour améliorer leur exploitation. Pour bon nombre de ces derniers, et notamment pour ceux qui doivent consolider leurs dettes, il est souvent impossible de fournir une garantie additionnelle, ce qui a pour résultat d'augmenter les ratios prêt-garantie.



Modifications à la politique de prêt
Comme la Société a maintenant accès à une nouvelle source de financement, il lui a fallu modifier sa politique de prêt afin de tenir compte des nouvelles conditions qui régissent maintenant son fonctionnement. Ainsi, tous ses prêts hypothécaires comportent, depuis février 1983, une clause de renouvellement des taux d'intérêt aux dix ans. Le calendrier d'amortissement continue d'être établi en fonction des besoins de l'emprunteur, soit pour une période pouvant atteindre 30 ans si nécessaire. Toutefois, à la fin de la première tranche de dix ans, le prêt peut être reconduit au taux d'intérêt courant ou acquitté.

Ce changement a été introduit pour que la Société puisse faire coïncider ses emprunts actuels avec ses activités de prêt, de sorte qu'elle puisse offrir un meilleur taux d'intérêt à ses emprunteurs tout en leur assurant la stabilité dont ils ont besoin pour planifier leur exploitation. Lorsque des fonds à plus long terme deviendront disponibles, la Société prolongera la période de taux d'intérêt garantie en conséquence.

Afin de maintenir un équilibre entre l'échéance de ses emprunts et de ses prêts, la Société impose maintenant une pénalité sur les remboursements anticipés de ses emprunteurs, qui correspond à trois mois d'intérêt. La SCA a choisi cette option plutôt que d'emprunter en émettant des billets rachetables parce que les billets à termes fixes lui permettent d'obtenir des taux d'intérêt inférieurs. Cet avantage est ensuite transmis aux emprunteurs de la SCA.

L'augmentation de son budget de prêt a permis à la Société d'augmenter sa limite statutaire de \$300,000 à \$500,000 dans le cas d'un demandeur et de \$500,000 à \$600,000 s'il y en a deux ou plus.

La décision du Gouvernement concernant les ressources à la disposition de la Société et le type de clientèle qu'elle desservira sera également rendue publique au cours du nouvel exercice, sous la forme d'une Politique de crédit agricole à long terme.

En dépit des taux d'intérêt élevés et de la diminution du revenu agricole net, la demande de prêts destinés à la consolidation de dettes ont contribué à alimenter la demande car les agriculteurs ont cherché plus que jamais à refinancer leurs emprunts. Étant donné qu'elle disposait de fonds réduits, la Société les a réservés aux demandeurs ayant les plus grands besoins.

Demandes de prêts
En dépit des taux d'intérêt élevés et de la diminution du revenu agricole net, la demande de prêts destinés à la consolidation de dettes ont contribué à alimenter la demande car les agriculteurs ont cherché plus que jamais à refinancer leurs emprunts. Étant donné qu'elle disposait de fonds réduits, la Société les a réservés aux demandeurs ayant les plus grands besoins.

ACTIVITÉS SOUS LE RÉGIME DE LA LOI SUR LE CRÉDIT AGRICOLE
Sous le régime de la Loi sur le crédit agricole, les agriculteurs peuvent emprunter individuellement ou obtenir un prêt collectif avec d'autres demandeurs. Les sociétés agricoles et les associations agricoles coopératives peuvent également emprunter. Il y a trois types de prêts :

les prêts agricoles ordinaires — les demandeurs doivent, dès l'obtention du prêt, faire de l'agriculture leur activité principale ;

les prêts aux agriculteurs débutants (art. 33) — les demandeurs peuvent conserver leur emploi à l'extérieur de la ferme pendant qu'ils mettent sur pied une entreprise agricole, pourvu qu'ils fassent de l'agriculture leur activité principale dans les cinq ans suivant l'obtention du prêt ;

les prêts spéciaux consentis aux agriculteurs en situation financière (Programme spécial d'aide financière à l'agriculture) les demandeurs doivent démontrer que la survie de leur entreprise agricole dépend d'un prêt spécial et de la réduction d'intérêt.

Farm Credit Corporation
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12 1/2% Prime du Marché 30, 1983

Société du crédit agricole
Incorporated in the Province of Ontario

Capital autorisé de \$50,000,000

<p>Branches</p> <p>1. 1000 St. Lawrence St. (Montréal)</p> <p>2. 1000 St. Lawrence St. (Montréal)</p> <p>3. 1000 St. Lawrence St. (Montréal)</p> <p>4. 1000 St. Lawrence St. (Montréal)</p> <p>5. 1000 St. Lawrence St. (Montréal)</p> <p>6. 1000 St. Lawrence St. (Montréal)</p> <p>7. 1000 St. Lawrence St. (Montréal)</p> <p>8. 1000 St. Lawrence St. (Montréal)</p> <p>9. 1000 St. Lawrence St. (Montréal)</p> <p>10. 1000 St. Lawrence St. (Montréal)</p> <p>11. 1000 St. Lawrence St. (Montréal)</p> <p>12. 1000 St. Lawrence St. (Montréal)</p> <p>13. 1000 St. Lawrence St. (Montréal)</p> <p>14. 1000 St. Lawrence St. (Montréal)</p> <p>15. 1000 St. Lawrence St. (Montréal)</p> <p>16. 1000 St. Lawrence St. (Montréal)</p> <p>17. 1000 St. Lawrence St. (Montréal)</p> <p>18. 1000 St. Lawrence St. (Montréal)</p> <p>19. 1000 St. Lawrence St. (Montréal)</p> <p>20. 1000 St. Lawrence St. (Montréal)</p> <p>21. 1000 St. Lawrence St. (Montréal)</p> <p>22. 1000 St. Lawrence St. (Montréal)</p> <p>23. 1000 St. Lawrence 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Programme spécial d'aide financière à l'agriculture Pour contre la situation difficile engendrée par les taux d'intérêt élevés et les faibles prix des denrées, le gouvernement du Canada a réintroduit le Programme spécial d'aide financière à l'agriculture dans son budget de juin 1982. Dans le cadre de ce programme, les agriculteurs canadiens aux prises avec de sérieuses difficultés financières peuvent obtenir une réduction d'intérêt de quatre pour cent sur un prêt de la SCA pendant une période de deux ans. Un crédit du Parlement du Canada couvre les remises d'intérêt sur les prêts spéciaux approuvés par la Société.

Taux d'intérêt
 Le 1^{er} avril 1982, les taux d'intérêt de la SCA ont été fixés à 16 1/2 pour cent sur les prêts approuvés tant aux termes de la Loi sur le crédit agricole que de la Loi sur le crédit aux syndicats agricoles. Six mois plus tard, ces mêmes prêts commandaient des taux de 15 3/4 pour cent. La SCA fixe ses taux en fonction du rendement moyen des obligations du gouvernement du Canada pendant les six mois précédents, tel qu'il est prescrit par son règlement sur les taux d'intérêt.

Lorsque les taux d'intérêt se sont mis à baisser rapidement à l'automne, il a fallu rajuster les taux de la SCA. Le 9 décembre 1982, le taux des incorporations de la Couronne était adopté comme base pour calculer le taux d'intérêt de la SCA (prêts de la Loi sur le crédit agricole seulement). Cette mesure temporaire, en attendant l'approbation du règlement révisé sur les taux d'intérêt, a entraîné une chute de deux points et demi du taux d'intérêt exigé sur les prêts ordinaires et spéciaux, tandis que les prêts de syndicats sont demeurés à 15 3/4 pour cent.

La Société a travaillé activement, au cours de l'année, à la révision de son règlement sur les taux d'intérêt. Le résultat de ses négociations avec le Ministre des Finances sera annoncé au cours du prochain exercice financier.

Emprunts auprès des marchés monétaires et de capitaux
 En avril 1982, le Parlement a adopté un projet de loi qui a élargi les pouvoirs de la SCA en l'autorisant à emprunter sur les marchés de capitaux pour son financement. La Division de la trésorerie de la Société a alors été mise sur pied et a été chargée du financement des opérations de gestion de l'encaisse de la Société et de ses besoins en capitaux.

Un arrangement de prêts bancaires de l'ordre de \$75 millions a été conclu avec la Banque royale du Canada pour permettre à la SCA d'avoir immédiatement accès à des fonds à court terme. Simultanément, un programme de billet à ordre a été créé pour fournir à la Société une source additionnelle et peut-être moins coûteuse de dollars canadiens. Ces deux arrangements visent à emprunter des fonds à court terme en attendant les recettes provenant des emprunts à long terme.

La première incursion que la Société avait prévu sur ces marchés était un projet d'émission à New-York de l'ordre de \$100 millions en devises américaines. Toutefois, le fléchissement inattendu des taux d'intérêt en août dernier et la baisse aussi subite de la demande de prêts ont eu pour effet de retarder cette émission.

Lorsque les taux d'intérêt et la demande de prêts ont commencé à se stabiliser en février 1983, une émission d'obligations en devises canadiennes a été lancée à Londres, en Angleterre. Cette émission à 12 1/2 pour cent sur 10 ans de l'ordre de \$50 millions en devises canadiennes, faite sur le marché européen, a été co-administrée par la firme Wood Gundy et la Société générale de banque ainsi que par 10 autres gestionnaires. Les obligations ont été achetées rapidement par une foule d'investisseurs de nombreux pays.

L'une des tâches importantes de la Division de la trésorerie a été d'établir le nom de la Société du crédit agricole aussi bien sur le marché des capitaux que sur le marché monétaire. La Division s'est donc efforcée de familiariser les investisseurs éventuels avec les activités de la SCA. Elle a notamment présenté des exposés aux deux agences américaines Poor's, qui ont plus tard accordé la cote supérieure AAA à l'obligation de la Société.

Le montant total du crédit agricole accordé en 1982 s'élève à quelque \$10,7 milliards, à un taux d'intérêt moyen de 16 pour cent, comparativement à \$10,25 milliards à un taux moyen de 19,13 pour cent en 1981 et à \$9,1 milliards en 1980 à un taux de 15,38 pour cent. Il semble que la plus grande partie du crédit consenti en 1982 ait servi à consolider des dettes. Les agriculteurs ont refinancé leurs dettes à plus longue échéance afin de diminuer leurs versements mensuels et de réduire ainsi leurs problèmes d'encaisse.

Etant donné que les revenus agricoles ont baissé dans l'ensemble, la situation financière de nombreuses entreprises agricoles s'est détériorée. Une augmentation marquée des indicateurs de pression

économique tels les faillites, les saisies et les comptes en arriérés, s'est manifestée. Au total, il y a eu 410 faillites en 1982 contre 261 en 1981. Bon nombre d'exploitants ayant un ratio élevé de crédit et disposant de revenus moindres en 1982, ont dû prendre des mesures pour éviter le désastre financier. Souvent, ces mesures ont consisté à recourir à des emprunts supplémentaires et à consolider les dettes, ou encore à changer d'activité de production, à réduire les achats de matériel de production, à travailler davantage à l'extérieur de la ferme et, au besoin, à liquider une partie de l'actif.

La liquidation des biens agricoles durant une période où les taux d'intérêt étaient élevés et les revenus à la baisse, a fait fléchir le prix des terres. Les transactions ne sont pas suffisamment nombreuses pour que les prix actuels du marché donnent une idée juste de la valeur des terres, sans parler de l'énorme différence d'une région à l'autre. Toutefois, les signes qui laissaient présager un ajustement de la valeur des terres en fonction des revenus se sont révélés justes en 1982. La stabilisation et, dans certaines régions, la diminution de la valeur des terres, ajoutée à des taux d'intérêt élevés, ont créé des problèmes financiers à certains agriculteurs qui avaient financé l'expansion de leur ferme en fonction de la valeur nette produite par l'inflation du prix des terres plutôt qu'en fonction d'une capacité de remboursement fondée sur les revenus produits par la ferme.

Bien que la chute des prix de certains produits ferme, jointe à l'augmentation des coûts de production, notamment les taux d'intérêt élevés soit traduite par des difficultés financières pour nombreux agriculteurs, le secteur agricole, d'ailleurs, n'a pas subi de reverses aussi graves qu'il y a quelques années. L'ajout net s'élève à plus de 80 pour cent, à l'insuffisamment de ressort pour faire face à une conjoncture économique défavorable. Cette réaction conjuguée à la demande croissante à long terme des denrées, permettra au secteur agricole de tirer avantage des possibilités futures lorsqu'il se présenteront.

LA SCA FACE À SON ENVIRONNEMENT

Depuis sa création, la Société du crédit agricole s'est bâtie une solide réputation comme étant la principale source de crédit agricole à long terme au Canada. La Société s'est engagée à donner à ses emprunteurs toutes les chances possibles de réaliser leurs objectifs, en leur offrant des services de prêts et des services consultatifs qui répondent à leurs besoins.

Demandes de prêts

Au cours de l'exercice 1982-1983, 212 conseils de crédit, répartis dans 104 bureaux de campagne desservent toutes les régions agricoles du pays effectuée 80,742 entrevues ayant trait à des demandes de prêts et à l'administration des crédits. Au total, 34,806 entrevues ont été accordées à l'analyse des demandes de prêts, qui ont débouché sur la présentation de 9,103 demandes de prêts officielles.

De nombreux clients potentiels n'ont pas pu leur demander de prêt au-delà du stade de l'entrevue pour cent d'entre eux ne présentaient pas la capacité de remboursement suffisante, 35 pour cent ne comptaient pas faire de l'agriculture à l'activité principale et les autres n'étaient pas admissibles pour diverses raisons.



L'année financière 1982-1983 a été difficile, mais elle a amené également des changements très positifs au sein de la SCA. D'une part, la conjoncture économique défavorable a miné la capacité de rembourser des agriculteurs et diminué la valeur des biens qu'ils ont donné en garantie, augmentant du même coup les risques de pertes pour la Société. D'autre part, la SCA a donné suite aux modifications apportées à la loi qui la régit, en introduisant des mécanismes qui lui permettront de mieux répondre aux besoins des agriculteurs canadiens à l'avenir.

LA CONJONCTURE ECONOMIQUE EN AGRICULTURE

L'année dernière s'est avérée décevante pour de nombreux agriculteurs canadiens. Comme en 1981, la conjoncture économique difficile à travers le monde, les taux d'intérêt réels élevés et les stocks rendus abondants par des conditions climatiques généralement favorables, ont entraîné une réduction des revenus agricoles et, plus récemment, une baisse de la valeur de l'actif agricole.

Les recettes monétaires agricoles ont été de \$18.8 milliards en 1982, soit le même niveau que 1981. Les recettes tirées de la vente d'animaux et de produits d'animaux, un élément encourageant dans l'ensemble de la situation, ont majoré de 7.2 pour cent pour atteindre le montant record de \$9.6 milliards. Cependant, ce gain a presque été annulé par la diminution de 6.4 pour cent des recettes des producteurs de récoltes marchandes qui ont totalisé \$8.5 milliards. Bien que les dépenses d'exploitation et les frais d'amortissement n'aient pas augmenté autant que l'année précédente, le revenu agricole net, soit quelque \$3.5 milliards, a fléchi de 14.6 pour cent comparativement au montant record de \$4.1 milliards en 1981.

Les statistiques globales peuvent donner une bonne indication des tendances de l'ensemble du secteur, mais elles ne font pas ressortir les différences de santé financière entre les divers types de fermes et les diverses régions du pays, qui découlent des variances liées aux marchés et à la production agricole. Par exemple, au Québec et en Colombie-Britannique, le revenu agricole net a augmenté en 1982 en raison de l'augmentation du marché du porc au Québec et de l'importance de la production du lait et de la volaille dans ces deux provinces.

Dans l'ensemble, la région de l'Atlantique a connu la plus forte baisse de revenu agricole net en 1982, soit une chute de 24 pour cent attribuable à une production excédentaire de pommes de terre et à des marchés faibles. Dans les Prairies, la chute de la demande de céréales a fait diminuer d'environ 22 pour cent le revenu agricole net des céréaliculteurs. Au cours des dernières années, les prix du boeuf et du porc ont connu de fortes baisses, tandis que les coûts de production ont continué de monter en flèche. Toutefois, en 1982, le prix du boeuf augmentait légèrement et celui du porc enregistrerait une hausse spectaculaire en raison des approvisionnements plus faibles en Amérique du Nord. Compte tenu des prix moins élevés des grains de provenance financière de nombreux éleveurs s'est améliorée. En revanche, les producteurs de céréales marchandes ne s'en sont pas tirés aussi bien en 1982. Après une année de récoltes exceptionnelles et de prix très élevés, ils ont obtenu des prix moins élevés en raison des importants stocks mondiaux et de la surabondance, mais ont obtenu des prix moins élevés des produits du lait et de la volaille, qui sont régis par des ententes nationales sur la gestion des stocks, ont continué de suivre les fluctuations du coût de production.

Les dépenses totales d'exploitation agricole et les frais d'amortissement ont augmenté encore en 1982, mais seulement de 3.7 pour cent, ce qui représente la plus faible hausse annuelle enregistrée depuis 1970. Les prix moins élevés des céréales fourragères et les fortes baisses des taux d'intérêt ont permis d'atténuer l'augmentation des dépenses d'exploitation au cours de l'année. Entre juin et décembre 1982, le taux préférentiel des banques à charte est passé de 18.25 pour cent à 12.5 pour cent. Par ailleurs, les dépenses en carburant ont augmenté en raison de la hausse générale des coûts énergétiques.

Les dépenses les plus élevées en termes de dollars ont été celles consacrées à la machinerie, comptant pour environ 18 pour cent des dépenses totales d'exploitation et ayant augmenté de près de 14 pour cent par rapport à 1981. Les dépenses en intérêt ont suivi en seconde place, comptant pour près de 17 pour cent des dépenses totales. Bien que le montant du crédit en cours ait été plus élevé en 1982 qu'en 1981, l'intérêt sur la dette a diminué de deux pour cent grâce aux programmes fédéraux et provinciaux de réduction des taux d'intérêt et à la baisse généralisée de ces derniers.





Nous comptons accorder une plus grande importance à notre programme de services consultatifs puisque nous prévoyons qu'un plus grand nombre de nos clients nous demanderont des conseils dans le domaine de la gestion financière. Nous nous proposons également d'intensifier notre contrôle des comptes en difficulté et de travailler encore plus étroitement avec les agriculteurs en arérages afin de réduire les pertes de ces emprunteurs et celles de la Société.

Comme la demande en crédit auprès de la SCA devrait dépasser \$1 milliard en 1983-1984, sa capacité à se procurer des fonds de prêt à des conditions raisonnables sera sérieusement mise à l'épreuve. Il lui faudra donc poursuivre encore plus activement sa prospection de nouvelles sources de financement, en particulier le concept d'obligations agricoles.

La Société évalue également la possibilité d'offrir de nouveaux genres de prêts qui comporteraient des échéances de 5, 10 et 20 ans et lui permettraient de répondre aux besoins d'une clientèle très variée. Les difficultés éprouvées par tous les prêteurs au cours de la dernière année ont créé un vide que la SCA pourrait être appelée à remplir. Déjà, des organisations agricoles ont invité la Société à offrir du capital d'exploitation. Nous nous proposons d'examiner soigneusement leurs recommandations au cours de la nouvelle année.

Le Président,



Elliv H. Anderson

Des changements se sont produits en 1982-1983, tant au niveau de l'Exécutif que du Conseil d'administration de la Société. J'ai été nommé Président le 1^{er} mai 1982 et Lorne Conrad a quitté notre Conseil d'administration. Au nom de la Société, je voudrais le remercier de sa précieuse contribution et lui souhaiter beaucoup de succès dans ses projets d'avenir.

Le Conseil d'administration est passé de cinq à sept membres, ce qui a entraîné la nomination de trois nouveaux membres. Ainsi, Ted Doyle, Réal Lambert et Claude Palmer se sont joints à Carol Teichrob, Gerry Tran, Paul Babey et moi-même au sein du Conseil d'administration en décembre 1982.

Je désire exprimer toute ma gratitude au Vice-président qui m'a grandement aidé à assumer mes nouvelles responsabilités et souhaiter la bienvenue aux nouveaux membres du Conseil d'administration. De plus, je voudrais remercier les membres du Comité consultatif et des Commissions d'appel pour leur contribution en cette année particulièrement difficile.

Enfin, je désire rendre un hommage spécial à tous les employés de la SCA. Ils ont dû faire face à des pressions extraordinaires pour trouver des moyens de venir en aide aux agriculteurs en difficulté financière et ils ont relevé le défi avec détermination et dévouement. L'avenir est prometteur pour la Société et devrait apporter de nombreux défis auxquels, je suis certain, notre équipe s'attaquera avec le plus grand enthousiasme.

Au cours de la dernière année, l'agriculture canadienne a continué d'être soumise à de nombreuses pressions économiques, notamment des coûts élevés, de faibles revenus, des taux d'intérêt instables et un nombre record de faillites. Les difficultés financières éprouvées par les agriculteurs ont eu une incidence marquée sur les politiques de prêt et de gestion financière de la Société. Même si on lui demande d'être autosuffisante et de générer suffisamment de fonds pour couvrir ses frais d'exploitation, il lui faut également aider les agriculteurs qui présentent des risques trop élevés pour le secteur privé. La Société a réagi à la conjoncture difficile en réorientant sa politique de prêt et son objectif de rentabilité.

Tel qu'annoncé dans le dernier budget fédéral \$100 millions supplémentaires ont été affectés au Programme spécial d'aide financière à l'agriculture pour combler la forte demande de prêts spéciaux au cours du prochain exercice. Dans la même mesure, l'accroissement de nos fonds de prêt devrait nous permettre de financer un plus grand nombre d'agriculteurs débutants et innovateurs qui ont besoin de crédit à long terme pour mettre sur pied ou moderniser des exploitations agricoles. Nous prévoyons afficher de nouveau un profit d'exploitation avec l'amélioration de la conjoncture économique et l'expansion de notre portefeuille. La SCA se fait un devoir de collaborer avec les organismes et ministères fédéraux, ainsi qu'avec les gouvernements provinciaux et les institutions privées de crédit, afin de répondre aux besoins uniques de l'agriculture. Les programmes de soutien d'intérêt des provinces du Québec, du Nouveau-Brunswick, de la Nouvelle-Écosse et de l'Alberta, auxquels nous participons depuis un certain nombre d'années, en sont un bel exemple. Nous avons fait un effort supplémentaire cette année en acceptant d'être prêteur dans le cadre du Programme d'achat de fermes de la Saskatchewan. Nous avons également participé au Programme d'investissement aux investissements des petites entreprises, administré par le ministère de l'Industrie et du Commerce, de juin 1982 à mars 1983. Nous espérons accroître ce genre de collaboration à l'avenir en réalisant les objectifs exprimés dans la Stratégie agro-alimentaire du Canada.

Nous tentons présentement de trouver une solution au problème des nombreux agriculteurs qui ont obtenu un prêt lorsque les taux d'intérêt étaient élevés. La Société n'a ni le pouvoir ni les ressources financières pour réduire le taux sur ces prêts. Toutefois, des discussions sont en cours avec le gouvernement et nous faisons tous les efforts possibles pour venir en aide à ces emprunteurs.



Le président de la SCA, Eiliv H. Anderson, signe le certificat de l'émission euro-canadienne en présence de James A. Black, vice-président et directeur de Wood Gundy.

La majorité de nos prêts ont servi à refinancer les dettes d'agriculteurs en difficulté et une large part de nos fonds a été affectée au Programme spécial d'aide financière à l'agriculture. Comme prévu, les arrérages et les pertes sur les propriétés reprises ont augmenté, entraînant une perte d'exploitation de \$13,2 millions pour la Société. Malgré cette perte, nous n'avons pas modifié notre politique de recouvrement. Tant que l'agriculteur a une chance raisonnable de redresser sa situation, la Société continue de l'aider à surmonter ses épreuves.

Les difficultés persisteront encore pour un certain temps, mais nous estimons que le pire est passé. Les plus récents indicateurs laissent entrevoir une reprise de l'économie et, même si l'on prévoit que les recettes monétaires agricoles demeureront faibles, la stabilité du coût des intrants et l'avoir net considérable des agriculteurs permettront sans aucun doute au secteur agricole de traverser ces temps difficiles.

Le 9 juin 1983

L'honorable Eugene F. Whelan, C.P., député
Ministre de l'Agriculture
Pièce 101, B.E.
Chambre des communes
Ottawa (Ontario)
K1A 0A6

Monsieur le Ministre,

J'ai l'honneur de vous présenter le rapport annuel de la Société du crédit agricole pour l'exercice qui s'est terminé le 31 mars 1983.

L'agriculture canadienne n'a pas été épargnée par la récession économique qui a frappé tous les pays l'an dernier. De nombreux agriculteurs ont dû abandonner leur exploitation ou diminuer de beaucoup leurs attentes, mais ils auraient été encore plus nombreux si vous ne vous étiez pas efforcé d'accroître l'aide au secteur agricole en introduisant des mesures comme le Programme spécial d'aide financière à l'agriculture. Pour sa part, la Société a fait tout son possible pour aider les agriculteurs à faire face à la conjoncture difficile. Un nombre nettement supérieur de prêts à risques élevés ont été approuvés en 1982-1983. De plus, la provision pour créances douteuses a été augmentée pour mieux refléter le potentiel de pertes. Ces ajustements se sont traduits par une perte d'exploitation de \$13,2 millions pour la SCA.

Il faut cependant se réjouir des nombreux changements que la Société a connus au cours de l'exercice et qui lui ont permis de se doter des instruments nécessaires pour mieux servir la communauté agricole. Les plus récents indicateurs portent à croire que nous assistons à une reprise de l'économie. Les taux d'intérêt et les autres coûts baissent, si bien que les agriculteurs peuvent redevenir optimistes.

Je veux réitérer que la collaboration de la Société du crédit agricole vous est acquise et qu'elle saura vous épauler pour assurer un avenir meilleur aux agriculteurs de notre pays.

Votre tout dévoué,

Le Président,



Eiliv H. Anderson



1982	1983	
Nombre de prêts approuvés		
4,948	5,509	84
Loi sur le crédit agricole (y compris le programme spécial)		
Loi sur le crédit aux syndicats agricoles		
Montant brut des prêts approuvés (\$000)		
\$ 499,782	\$ 635,568	\$ 2,289
Loi sur le crédit agricole (y compris le programme spécial)		
Loi sur le crédit aux syndicats agricoles		
Montant moyen des prêts		
\$ 101,007	\$ 115,369	
(Loi sur le crédit agricole y compris le programme spécial)		
Portefeuille de prêts à recevoir		
74,637	77,609	\$4,291,462
Nombre de prêts à recevoir		
Montant des prêts à recevoir (\$000)		
\$3,847,805		
Résultats d'exploitation		
337,978	397,419	13,208
Revenu d'intérêts		
Revenu d'intérêts net		
Perte (revenu net)		
(1,869)		
Provenance des fonds		
348,171	449,448	133,114
Capital et prêts nets		
Remboursements par les agriculteurs		
Affectation des fonds		
429,623	532,771	29,901
Débourssements aux agriculteurs		
Exploitation		
18,325		

Paul Gilbert Design Limited
Photographie: Paul Gilbert,
Richard Arney, NFB Photothèque,
Agriculture Canada, Ministère de
l'Agriculture de Terre-Neuve

Adresse du Siège social
Société du crédit agricole
434, rue Queen
Case postale 2314, Station postale D
Ottawa, Ontario
K1P 6J9



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REGARD SUR LA SOCIÉTÉ

La Société du crédit agricole (SCA) a été créée en 1959 en tant que société de la Couronne qui est comptable au Parlement par l'intermédiaire du Ministère de l'Agriculture. Son principal rôle consiste à aider les agriculteurs canadiens à mettre sur pied, à développer et à maintenir des entreprises agricoles rentables. Cette aide prend la forme d'un crédit hypothécaire à long terme et d'un programme de services consultatifs.

La Société offre des prêts agricoles en vertu de la Loi sur le crédit agricole et de la Loi sur le crédit aux syndicats agricoles. La première loi englobe le principal programme de prêt de la SCA, y compris le Programme spécial d'aide financière à l'agriculture qui a été réintroduit dans le budget de juin 1982.

La seconde loi offre des prêts à des groupes ou "syndicats" d'agriculteurs qui se sont entendus pour partager les coûts d'achat et l'utilisation de matériel agricole, de bâtiments et d'équipement fixe. En outre, la SCA fournit des services consultatifs à ses clients. Tous les demandeurs peuvent obtenir des consultations avant de contracter un emprunt de l'aide pour planifier l'organisation et l'amplication de leur entreprise agricole.

Le Siège social de la Société est situé à Ottawa. Ses opérations sont décentralisées dans sept bureaux régionaux et dans 104 bureaux de campagne desservant toutes les communautés agricoles.

ANNUAL REPORT 2009

LES AGRICULTEURS CANADIENS

1 9 8 3



Société du
crédit agricole
Canada

Farm Credit
Corporation
Canada

91
341
55



Farm Credit Corporation
Canada

Société du crédit agricole
Canada

Government
Publications

Annual Report 1983-84



Canada 

Head office address

Farm Credit Corporation
434 Queen Street
P.O. Box 2314, Postal Station D
Ottawa, Ontario
K1P 6J9

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Corporate Profile

The Farm Credit Corporation (FCC) was established in 1959 as a Crown agency reporting to Parliament through the Minister of Agriculture. Its role is to provide financial services to enable Canadian farmers to establish, develop and maintain viable farm enterprises.

The Corporation provides farm loans under the authority of the Farm Credit Act and the Farm Syndicates Credit Act. The Farm Credit Act encompasses FCC's main lending program and the Special Farm Financial Assistance program. The Farm Syndicates Credit Act provides for loans to groups or "syndicates" of farmers organized to share in the purchase and use of farm machinery, buildings and installed equipment.

In addition, counselling and assistance in the planning, organization and development of the farm business are available to all applicants and borrowers.

The Corporation's head office is located in Ottawa. Its operations are decentralized into seven regional offices and 104 field offices serving all agricultural areas. As of March 31, 1984, FCC's total permanent staff was made up of 614 employees.



CO-OP
SEA
CHARLEVILLE

Highlights

Operational	1983-84	1982-83
Number of loans approved		
Farm Credit Act (including special program)	5,738	5,509
Farm Syndicates Credit Act	92	84
Amount of loans approved — net (\$000)		
Farm Credit Act (including special program)	\$ 758,142	\$ 614,370
Farm Syndicates Credit Act	\$ 2,855	\$ 2,289
Average size of loans		
Farm Credit Act (including special program)	\$ 135,763	\$ 115,369
Loans receivable portfolio		
Number of loans receivable	80,112	77,609
Amount of loans receivable (\$000)	\$4,917,100	\$4,291,462
Financial	1983-84 (\$000)	1982-83 (\$000)
Results of operations		
Interest income	487,260	397,419
Net interest income	41,440	34,036
Net loss for the year	56,714	13,208
Funds available		
Capital and net loans	628,833	449,448
Repayments by farmers	230,024	133,114
Application of funds		
Disbursements to farmers	786,032	532,771
Operations	40,047	29,901



Letter to the Minister



The Honourable
Eugene F. Whelan,
Minister of Agriculture

The Honourable Eugene F. Whelan, P.C., M.P.
Minister of Agriculture
Room 101 E.B.
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Mr. Whelan:

It is a pleasure for me to submit the Annual Report of Farm Credit Corporation for the fiscal year ended March 31, 1984.

Farm Credit Corporation's importance to Canada as an agricultural lender was never more evident than it was this year. The Corporation approved a record 5,738 loans totalling \$758.1 million.

In keeping with our mandate, funds were directed to those farmers who could not obtain suitable credit from other lenders. Many of the approved loans were therefore in high risk categories. This, combined with the persistence of difficult economic conditions in the farm sector, made it prudent for the Corporation to increase the provision for doubtful accounts charged to expenses for the current year. The increase has been the primary reason for the loss of \$56.7 million shown in the Corporation's accounts.

I take this opportunity to thank you and your Cabinet colleagues for the consistently strong support accorded Farm Credit Corporation in order to enable it to fulfill its role as one of Canada's major agricultural lenders.

Yours sincerely,

A handwritten signature in black ink, which appears to read "Eiliv H. Anderson". The signature is stylized and fluid.

Eiliv H. Anderson
Chairman

Chairman's Message

One of the strong features of the Canadian economy in 1983 was the production of large quantities of agricultural commodities. The stabilization of interest rates at lower levels was also a positive development. As was expected, however, farmers in Canada were not able to isolate themselves from the difficult economic conditions experienced throughout the world.

Small increases in some commodity prices were insufficient to offset fully the higher costs of credit and operating expenses. In 1983, farm cash receipts totalled \$18.9 billion which was roughly equivalent to 1982 receipts. Realized net farm incomes decreased from \$3.7 billion to \$3.6 billion. The decreases occurred mainly in Quebec, Saskatchewan and British Columbia.

Although the decline in farm incomes was hardly significant in the aggregate, the concentration of the decreases in three provinces and within specialized sectors reflected the intense financial pressures on some farmers, with farm bankruptcies increasing in 1983 to 488 from 410 in the previous year.

The increase in farm foreclosures, combined with the forecast of a slow recovery in the agricultural economy, depressed land prices. A decrease in value of some 50 per cent relative to 1981 was reported in some areas.

Credit Extended and Outstanding

An estimated \$10 billion in credit was extended by all agricultural lenders in 1983. This was comparable to 1982 activity. Credit outstanding increased from \$18.4 billion in 1981 to \$20.2 billion in 1982. Preliminary analysis indicates that total farm credit outstanding was close to \$21.6 billion at the end of 1983. Much of this credit was for debt restructuring which was required to relieve the cash flow pressures faced by farmers.

FCC Overview

The large volume of loans approved early in 1983-84 depleted the Corporation's capital allocation from the Consolidated Revenue Fund by mid-June 1983. As a number of policy matters remained to be decided, including the level of financial market borrowings, the Corporation was obliged to temporarily suspend loan approvals. These matters were resolved in August 1983 but by then demand for FCC loans had decreased significantly due to market conditions.

As in 1982-83, a majority of the loans approved this year were for debt consolidation and restructuring purposes. Of the \$758.1 million approved for loans, 50.7 per cent was used for debt rescheduling. This included \$175.4 million for Special Farm Financial Assistance Program loans under which farmers receive a four per cent interest rebate for two years.

The Corporation's financial performance reflected the difficulties faced by the farm sector. A provision for losses of \$65.7 million this year compared to the provision of \$31.8 million in 1982-83 was the primary reason for the loss of \$56.7 million reported in this year's accounts.

FCC continued to work closely with provincial governments and commercial lending institutions to provide individual farmers with credit packages to meet their needs. In addition to the continuing cooperative arrangements with the provinces of Quebec, New Brunswick, Nova Scotia, Alberta and Saskatchewan, FCC became a lender under the Ontario Beginning Farmer Assistance Program. Such cooperation strengthens the way in which the federal and provincial governments respond to the rapidly changing regional credit needs of Canadian farmers.

This year the Corporation completed a second financial survey of Canadian farmers. The first was completed in 1981. The analysis should be available in August 1984 and will provide useful information for policy makers and agricultural lenders.

Outlook for 1984-85

Canadian agriculture will continue to experience a slow recovery from the recession. Farm income in 1984-85 is expected to increase about six per cent over 1983-84. Farm product price increases are expected to be limited by competition among exporting countries, increased protectionism and the economic difficulties being experienced by a number of importing countries. These factors combined with higher farm debt and uncertainty regarding the outlook for interest rates could dampen the demand for investment credit, resulting in a moderation in the demand for FCC loans.

With respect to new policy developments, the Corporation will continue to evaluate ways of enhancing its service to farmers. In 1983-84, the Corporation introduced 10-year term mortgages. Beginning in April 1984, 20-, 10-, and 5- year term mortgages will be offered to farmers.

The Corporation is also planning legislative amendments to the Farm Credit Act and the Farm Syndicates Credit Act. The amendments to the Farm Credit Act will increase the Corporation's capital base and enhance the way in which the Act is administered. Amendments to the Farm Syndicates Credit Act are intended to make this program more compatible with today's environment.

The future of agriculture will provide unprecedented challenges. As lenders, we must be flexible and innovative in our programs to provide the basic underlying strength essential to the growth of Canadian farm businesses. Farm Credit Corporation has the human, financial and technological resources available to meet this exciting challenge.



Eiliv H. Anderson
Chairman



Review of Operations



A reduction in credit requirements would be the expected result of the depressed economic conditions prevailing in agriculture in 1983-84. However, the demand for FCC loans was strong during the spring and most of the summer of 1983. The need on the part of many farmers to restructure their financial liabilities and the introduction of provincial credit assistance programs increased the demand for FCC loans. The Saskatchewan Farm Purchase Program and the Ontario Beginning Farmer Assistance Program, both of which offer interest subsidies to eligible borrowers, designated FCC as one of their lenders. In the case of the Saskatchewan plan FCC was the sole lender until August 15, 1983.

Operations under the Farm Credit Act

Under the Farm Credit Act, loans may be made to farmers who are unable to obtain credit from other lenders. Three types of loans are offered:

- Standard farm loans where applicants must be principally occupied in farming after the loan is made
- Loans to beginning farmers (Section 33) where applicants may retain off-farm employment while developing an economic farm business, providing that farming becomes their principal occupation within five years
- Special loans to farmers in financial difficulty (Special Farm Financial Assistance Program) where applicants must show that the special loan and the four per cent interest rebate are essential for the survival of the farm business. Lending under this program will continue until June 27, 1984.

Loan Approvals

Under the Farm Credit Act, 5,738 loans were approved in 1983-84 for a net amount of \$758.1 million. The net amount approved excludes the refinancing of existing FCC loans. Of the total number of approvals, 199 loans valued at \$19.6 million were approved under Section 33 and 963 loans for \$175.4 million were approved under the Special Farm Financial Assistance Program. The number of loans approved increased 4.2 per cent over the previous year. The average size of loan was \$135,763 compared to \$115,369 in 1982-83. This 17.7 per cent increase in the size of loans reflects the need of many farmers to refinance a higher level of debt to ease the pressure exerted on their cash flows.

Review of Operations (continued)

Purpose of Loans

For the second year in a row, more than 50 per cent of FCC loans were used to repay land-secured debts and other debts. This is partially explained by the large share of funds that were used under the Special Farm Financial Assistance Program, but it is also the result of the Corporation generally being the last recourse for farmers experiencing cash flow problems. (see Table 1)

Table 1
Purposes for which loans
were approved

	1983-84	1982-83
	per cent	per cent
Repayment land-secured debts	23.5	20.5
Repayment other debts	27.2	30.6
Additional land	19.7	17.1
New units	17.3	18.3
Permanent improvements	5.9	7.3
Equipment	1.2	1.6
Livestock	1.0	1.6
Miscellaneous	4.2	3.0

Characteristics of Borrowers

In recent years, Farm Credit Corporation has directed its services to farmers who were unable to obtain credit from commercial lenders. The equity level of FCC borrowers has averaged close to 50 per cent for all loans. For loans made under the Special Farm Financial Assistance Program, the average equity was lower at 34.3 per cent.

This year the average asset level of FCC borrowers was \$497,990. This figure stresses the large credit requirements of farmers. As the agricultural industry becomes more capital intensive and the average size of farms keeps expanding, farmers must rely more heavily on borrowed capital to finance their farm operations. (see Table 2)

Table 2
Financial characteristics of farm operations
borrowing from FCC 1983-84

	Average
Total assets	\$497,990
Per cent equity	48.9
Loan approved	\$135,763
Loan-to-security ratio	.68





The average loan-to-security ratio of .68 for loans approved in 1983-84 illustrates the risk incurred by FCC in directing its assistance to lower equity farmers. This loan-to-security ratio, which is considered high for the farm sector, is a result of lending to younger farmers with limited resources and of the difficult economic environment. Loans to assist farmers under 35 years of age continue to account for the greatest percentage of the Corporation's loans, with 61.6 per cent going to this age group. (see Figure 1)

Farm Financial Management

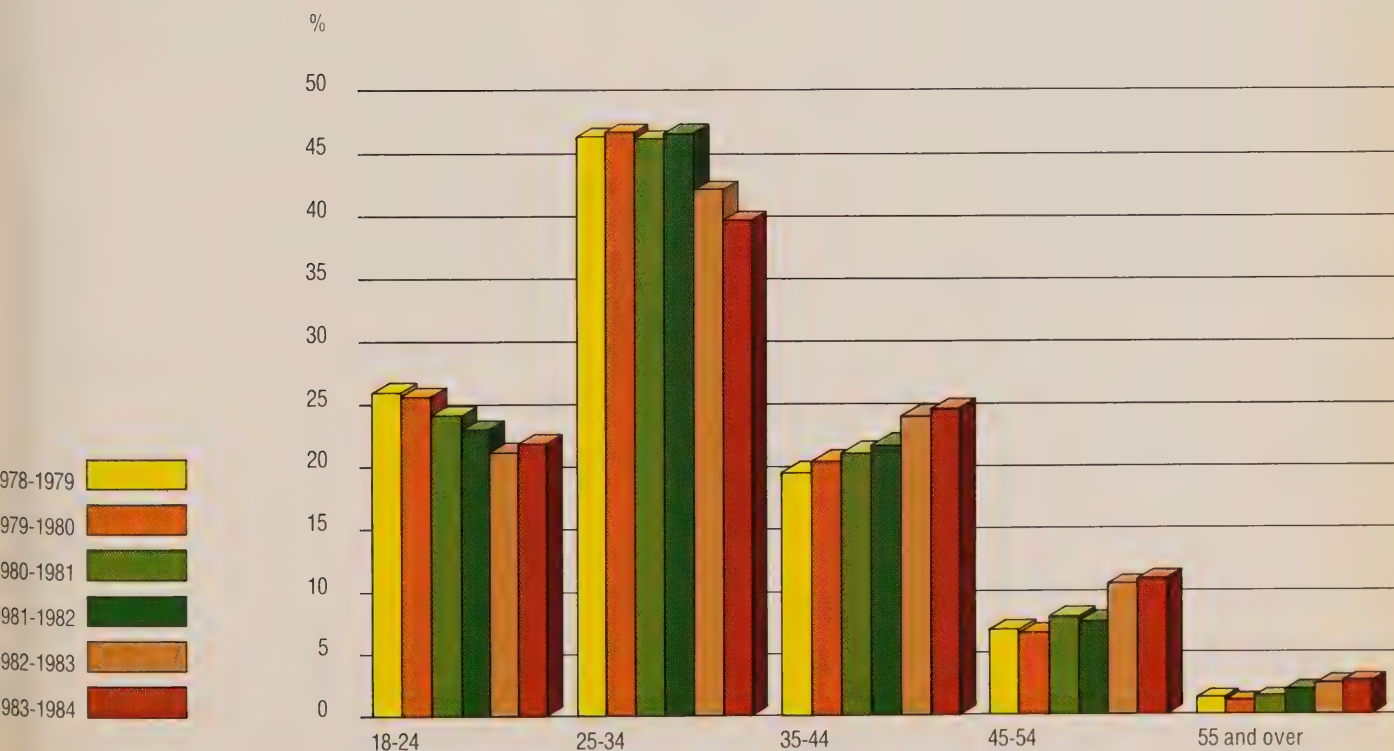
During this period of difficult economic conditions in agriculture, a special emphasis has been put on advisory services. Pre-loan counselling and assistance in the planning,

organization and development of their farm businesses are available to all applicants.

Advisory services are normally provided by the Corporation on a voluntary basis to new or existing borrowers. For borrowers under the Special Farm Financial Assistance Program, advisory services are compulsory. At year-end, 4,298 farm operations were benefitting from this service.

The Corporation's staff also liaises with other federal or provincial agencies and will provide referrals to these agencies to complete the advisory role.

Figure 1
Percentage Age Distribution of Borrowers
under the Farm Credit Act



Review of Operations (continued)

Life Insurance

A group life insurance program is offered as a risk reducing opportunity for FCC borrowers. FCC continuously monitors the market to ensure that its borrowers pay the lowest possible premium for this service. During the 1983-84 fiscal year, 87 per cent of loans approved were covered partially or totally by life insurance.

Loan Administration

The Corporation was faced with a significant increase in arrears during 1983-84. The amount rose 40.1 per cent to \$107.0 million from \$76.4 million the previous year. The percentage of accounts in good standing (less than \$500 in arrears) was 87.6 per cent on March 31, 1984 compared to 89.0 per cent the previous year.

The problem with arrears will likely continue for the next few years. Through its collection and advisory services programs, the Corporation identifies potential problem accounts and consults with the borrowers to explore solutions before their arrears become burdensome. FCC has also completed an arrears review which will lead to further modifications of the collection policy in the context of the needs of both the Corporation and its borrowers.

Real Property and Losses on Loans

Properties acquired by the Corporation increased to 130 this year from 91 the previous year. There were 48 quit claims where the borrower asked the Corporation to accept the property and forgive the obligations of the loan.

There were 82 properties sold during the year, leaving 130 properties owned by the Corporation at year-end. These were valued at \$14.3 million as of March 31, 1984. The Corporation also sold under power of sale 60 farms to which it did not take title.

There was an increase in net losses and write-downs on properties sold or on hand at the end of the year. These amounted to \$13.7 million compared to \$8.1 million during 1982-83. This is a reflection of the weak demand for farm properties and low farm incomes. However, this year's losses represent only 0.3 per cent of total loans receivable as of March 31, 1984.

An analysis of farm properties repossessed by the Corporation or sold under power of sale indicates 31 per cent of them were hog farms, 10 per cent beef, 40 per cent crops and 11 per cent dairy.

Operations under the Farm Syndicates Credit Act

Under the Farm Syndicates Credit Act, 92 loans were approved in 1983-84 for \$2.9 million. A syndicate is a group of three or more individuals, the majority of whom has farming as a principal occupation. Although the amount approved is modest, the Act serves a need in providing credit for a group of farmers sharing in the ownership and use of farm machinery, buildings and installed equipment.

Capital and Money Market Borrowing

During the year, three public bond issues and a private bond issue were completed in the domestic and international capital markets from which the proceeds totalled \$249.8 million. The issues were comprised of:

- Cdn. \$75 Million
12-1/4% notes due September 30, 1990
- Cdn. \$25 Million
12 % notes due October 11, 1993
- U.S. \$75 Million
11-5/8% notes due October 28, 1993
- S.F. 100 Million
5-3/8% bonds due January 6, 1994



Loans approved by province

	1983-84		1982-83	
	Number	Net Amount (\$000)	Number	Net Amount (\$000)
1) Regular Program				
British Columbia	144	19,702	161	21,185
Alberta	880	122,155	862	104,153
Saskatchewan	2,075	248,668	1,605	170,444
Manitoba	366	40,024	444	40,715
Ontario	1,010	128,243	950	100,296
Quebec	203	16,592	362	27,117
New Brunswick	44	3,441	75	4,747
Nova Scotia	7	290	5	169
Prince Edward Island	37	2,958	66	3,837
Newfoundland	9	662	13	1,195
Canada	4,775	582,734	4,543	473,858
2) Special Farm Financial Assistance Program				
British Columbia	42	12,726	51	11,834
Alberta	84	20,480	75	16,266
Saskatchewan	123	25,854	128	19,944
Manitoba	131	23,263	101	13,087
Ontario	389	74,330	413	60,470
Quebec	154	15,022	152	14,809
New Brunswick	6	369	10	856
Nova Scotia	4	204	1	53
Prince Edward Island	26	2,902	28	2,635
Newfoundland	4	258	7	558
Canada	963	175,408	966	140,512
TOTAL	5,738	758,142	5,509	614,370

Review of Operations (continued)

The proceeds derived from the two foreign currency issues as well as the repayment obligations were converted into Canadian currency. This was accomplished through interest rate and currency conversion agreements negotiated concurrently with the sale of the issues. These agreements, which were intended to eliminate the risks associated with fluctuations in the exchange rate for Canadian dollars during the terms of the loans, brought the Canadian dollar costs to about 12 per cent.

The private placement was done in Canada through a Canadian investment dealer while the other publicly distributed issues were underwritten by syndicates of investment dealers and banks. The all-in cost of the issues to FCC reflected the status of the Corporation as an agent of the Crown as well as the high regard generally accorded to Canadian agriculture by the international community.

In October 1982, the Minister of Finance approved the issue and sale by FCC of unsecured promissory notes, with the aggregate principal amount of such notes outstanding at any time not to exceed \$75 million. For the year ended March 31, 1984, the Minister approved an increase in the limit from \$75 million to \$150 million. This money market facility, together with a line of credit from a Canadian chartered bank, has provided FCC with an increased degree of flexibility in its cash management.

Interest Rates

Interest rates were generally more stable in the fiscal year 1983-84 than had been experienced for some years. On April 1, 1983, the FCC lending rate on its 10-year fixed rate mortgages was set at 12-3/4 per cent. On August 20, it was raised to 13-1/2 per cent and on November 22, was lowered to 13 per cent. It stayed at that level for the balance of the fiscal year.

In December 1983, the Farm Credit Act Interest Rates Regulations were revoked and since that time the lending rate has been changed by Order in Council.

For loans under the Farm Syndicates Credit Act, a rate of 11-1/2 per cent was announced on April 1, 1983. Six months later, it was raised to 12 per cent and remained at that level for the balance of the year.

Under the arrangements made just after the end of the year, the lending rate under FSCA can be changed by Order in Council in a manner similar to that for the Farm Credit Act.



Financial Review

Results of Operations

The Corporation incurred a net loss for the year of \$56.7 million compared to a loss of \$13.2 million incurred the previous year. The losses have been primarily attributable to the increases in the provision for doubtful accounts (see Table 4). It is important to note that the main operating factors which contributed to the loss vary with economic conditions.

Interest income was \$487.3 million, an increase of 22.6 per cent over the previous year. Interest expense amounted to \$445.8 million, an increase of 22.7 per cent.

Administrative expense was \$31.6 million, an increase of \$3.4 million. Salaries and employee benefits accounted for \$2.4 million of this increase.

The Corporation's loss for the year before an extraordinary item amounted to \$53.3 million. At March 31, 1984, the Corporation determined that it was no longer appropriate to record potential tax benefits relating to tax losses carried forward for accounting purposes. As a result, \$3.3 million in potential future tax reductions, recorded as an asset at March 31, 1983 was written-off in the year as an extraordinary item.

Source of Funds

Since its establishment in 1959, FCC's major source of funds has been advances from the government in the form of additions to the Corporation's equity capital and long-term loans from the Consolidated Revenue Fund. An amendment to the Farm Credit Act in 1982 gave FCC the authority to borrow money, with the approval of the Minister of Finance, from sources other than the Consolidated Revenue Fund. Accordingly, in 1983-84, FCC borrowed through public issues in the international capital markets and a private placement in Canada in order to supplement its borrowings from the CRF.

Debt securities issued in connection with borrowings carry the full faith and credit of Canada and constitute direct unconditional obligations of Canada.

During the year, the government contributed \$23.9 million in additional equity capital under Section 12 of the Farm Credit Act. Gross borrowings from the CRF were \$618.3 million and repayments were \$264.0 million resulting in net borrowings from the CRF of \$354.3 million as compared to \$371.3 million for 1982-83. In addition, the proceeds from four bond issues totalled \$249.8 million.

Loan repayments from farmers totalled \$230.0 million, up 72.8 per cent from a level of \$133.1 million during the previous year. Of this substantial increase in repayments, \$91.4 million represented farmers' prepayments of loans with interest rates in excess of 12-7/8 per cent.





Application of Funds

Funds applied during the year amounted to \$847.3 million, an increase of \$281.6 million or 49.8 per cent over the funds applied in 1982-83.

There was a \$40.0 million net outflow of funds from operations. The cash deficit was the result of the excess of the cash outflow in the form of interest and administrative expenses, over the cash inflow in the form of interest and other revenues. The most significant factor contributing to this cash deficit was the \$23.3 million increase in interest due but not paid by farmers.

The Corporation disbursed \$786.0 million in net loans to farmers, an increase of \$253.2 million over the \$532.8 million disbursed the previous year. These net loan disbursements, together with the \$21.0 million in existing loans that were refinanced, resulted in gross loan disbursements totalling \$807.0 million for the year.

Loans Receivable Portfolio

The Corporation's loan portfolio (see Table 5) consisted of 80,112 accounts totalling \$4.9 billion as at March 31, 1984 (see note 3 to the Financial Statements). This included \$13.8 million under the Farm Syndicates Credit Act and \$352.1 million under the Special Farm Financial Assistance Program. The portfolio also includes 317 loan accounts amounting to \$18.7 million arising from sales of real estate. Pursuant to an agreement with Agriculture Canada, the Corporation also administers 434 accounts totalling \$6.2 million relating to the Land Transfer Plan, a component of the department's Small Farm Development Program which terminated on March 31, 1979.

Allowance for Doubtful Accounts

The level of interest rates, a weakening in commodity prices and the decrease in land values have exposed the Corporation to the possibility of more substantial losses than in the past. This led to a significant increase in the "Allowance for Doubtful Accounts" in each of the Corporation's last two fiscal years. This has also resulted in a corresponding increase in the "Provision for Doubtful Accounts" charged to operations in 1982-83 and 1983-84 (see Table 4).

Table 4
Allowance and Provision for
Doubtful Accounts (\$ millions)

	83-84	82-83	81-82	80-81	79-80
Allowance for doubtful accounts, at the beginning of the year	34.7	11.0	5.3	3.1	2.0
Actual losses on loans and write-downs of acquired real estate during the year	(13.7)	(8.1)	(3.0)	(1.5)	(.9)
	21.0	2.9	2.3	1.6	1.1
Estimated allowance required at year-end	86.7	34.7	11.0	5.3	3.1
Provision for doubtful accounts (expense)	65.7	31.8	8.7	3.7	2.0

Financial Review (continued)

Loans receivable portfolio as at March 31, 1984 (in thousands of dollars)

Table 5

	Number	Principal Not Due	Arrears	Accrued Interest	Amounts held for future Instalments	Net Total
Loans to farmers (F.C.A.)						
British Columbia	2,531	173,886	6,608	8,772	(3,345)	185,922
Alberta	15,705	826,795	20,815	56,977	(8,407)	896,180
Saskatchewan	23,650	1,308,928	20,662	86,048	(6,267)	1,409,377
Manitoba	7,910	422,238	14,499	23,147	(4,681)	455,203
Ontario	18,911	1,258,101	31,549	52,496	(17,246)	1,324,900
Quebec	7,799	462,211	11,219	20,458	(2,184)	491,704
New Brunswick	853	48,204	1,238	2,496	(727)	51,211
Nova Scotia	152	6,808	281	239	(145)	7,183
P.E.I.	935	44,710	1,346	2,575	(623)	48,008
Newfoundland	106	8,273	328	370	(186)	8,787
Canada	78,552	4,560,154	108,545	253,578	(43,811)	4,878,466
Loans to farm syndicates (F.S.C.A.)						
British Columbia	9	148	44	9	—	201
Alberta	127	1,984	186	168	(31)	2,304
Saskatchewan	64	1,005	42	70	—	1,117
Manitoba	167	1,676	280	120	(28)	2,044
Ontario	199	3,035	227	150	(45)	3,363
Quebec	218	3,823	157	222	(64)	4,133
New Brunswick	12	317	37	19	—	379
Nova Scotia	3	39	—	3	—	42
P.E.I.	7	74	3	4	—	81
Newfoundland	3	92	—	4	—	96
Canada	809	12,193	976	769	(168)	13,777

	Number	Principal Not Due	Arrears	Accrued Interest	Amounts held for future Instalments	Net Total
Loans receivable from real estate sales (F.C.A.)						
British Columbia	7	452	3	17	—	472
Alberta	27	994	100	60	—	1,154
Saskatchewan	1	44	—	2	—	46
Manitoba	21	1,086	43	80	(2)	1,207
Ontario	177	10,249	539	527	(82)	11,233
Quebec	68	3,214	86	175	(3)	3,472
New Brunswick	4	216	11	16	—	243
Nova Scotia	5	285	—	12	(3)	294
P.E.I.	4	249	1	28	—	278
Newfoundland	3	220	25	8	—	253
Canada	317	17,009	808	925	(90)	18,652
Loans receivable under the Small Farm Development Program (F.C.A.)						
British Columbia	5	62	4	3	—	69
Alberta	144	1,717	33	94	(8)	1,836
Saskatchewan	177	2,632	53	139	(7)	2,817
Manitoba	75	1,075	30	45	(6)	1,144
Ontario	9	101	6	4	—	111
Quebec	7	55	4	2	—	61
New Brunswick	6	65	1	3	—	69
Nova Scotia	2	17	1	—	—	18
P.E.I.	9	84	—	3	—	87
Newfoundland	—	—	—	—	—	—
Canada	434	5,808	132	293	(21)	6,212
Total	80,112	4,595,164	110,461	255,565	(44,090)	4,917,100



Auditor's Report

The Honourable Eugene Francis Whelan, P.C., M.P.
Minister of Agriculture

I have examined the balance sheet of Farm Credit Corporation as at March 31, 1984 and the statements of operations and deficit, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Corporation as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.



E.R. Rowe, C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 11, 1984

Balance Sheet

as at March 31, 1984

	1984	1983
	(in thousands of dollars)	
Assets		
Cash	\$ 40,828	\$ 29,232
Accounts receivable	396	229
Loans receivable (Note 3)	4,917,100	4,291,462
Less: Allowance for doubtful accounts	86,650	34,670
	<u>4,830,450</u>	<u>4,256,792</u>
Real estate	14,301	7,632
Fixed assets	1,580	1,442
Unamortized debt issue expenses	13,667	1,480
Deferred income taxes	—	3,319
	<u>\$4,901,222</u>	<u>\$4,300,126</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 5,981	\$ 4,215
Short-term notes	—	5,000
Provision for employee termination benefits	2,495	2,308
Loans payable (Note 4)	4,761,863	4,124,906
	<u>4,770,339</u>	<u>4,136,429</u>
Equity of Canada		
Contributed capital (Note 5)	189,933	166,033
Deficit	(59,050)	(2,336)
	<u>130,883</u>	<u>163,697</u>
	<u>\$4,901,222</u>	<u>\$4,300,126</u>

The accompanying notes are an integral part of the financial statements.

Approved by the Board:



Eiliv H. Anderson
Chairman



Paul Babey
Vice-Chairman



William G. Mann
Comptroller

Statement of Operations and Deficit

for the year ended March 31, 1984

	1984	1983
	(in thousands of dollars)	
Interest income		
Loans receivable	\$481,336	\$394,214
Investments	5,924	3,205
	487,260	397,419
Interest expense		
Loans payable	441,508	362,977
Short-term notes	4,312	406
	445,820	363,383
Net interest income	41,440	34,036
Fees and other income	2,516	1,496
	43,956	35,532
Non-interest expenses		
Salaries and employee benefits	23,718	21,363
Office accommodation	2,273	2,051
Travel	2,509	2,135
Other	3,143	2,684
	31,643	28,233
Provision for doubtful accounts	65,708	31,758
	97,351	59,991
Loss before income taxes and extraordinary item	(53,395)	(24,459)
Deferred income taxes	—	11,251
Loss before extraordinary item	(53,395)	(13,208)
Write-off of deferred income taxes (Note 6)	(3,319)	—
Net loss for the year	(56,714)	(13,208)
Retained earnings (deficit), beginning of year	(2,336)	10,872
Deficit, end of year	\$ (59,050)	\$ (2,336)

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Financial Position

for the year ended March 31, 1984

	1984	1983
	(in thousands of dollars)	
Funds provided		
Loans from Canada	\$618,300	\$535,300
Less: Loans repaid	263,966	164,037
	354,334	371,263
Loans from the capital markets	255,599	50,000
Net increase (decrease) in short-term notes	(5,000)	5,000
Loans receivable repaid	230,024	133,114
Capital contributed by Canada	23,900	23,185
	858,857	582,562
Funds applied		
Operations		
Loss before extraordinary item	53,395	13,208
Items not involving cash	(13,348)	16,693
	40,047	29,901
Loans to farmers	806,991	555,092
Less: Loans refinanced	20,959	22,321
	786,032	532,771
Net changes in other assets and liabilities	21,182	3,035
	847,261	565,707
Increase in cash	11,596	16,855
Cash, beginning of year	29,232	12,377
Cash, end of year	\$ 40,828	\$ 29,232

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

March 31, 1984

1. The Corporation

Farm Credit Corporation was established in 1959 by the Farm Credit Act as the successor to the Canadian Farm Loan Board. The Corporation's prime objective is to assist Canadian farmers to establish and develop viable farm enterprises through the use of long-term credit as provided for by the Farm Credit Act.

The Corporation also administers the lending program authorized under the Farm Syndicates Credit Act which was originally introduced as the Farm Machinery Syndicates Credit Act in 1964. It provides for loans to groups or syndicates of farmers organized to share in the purchase and use of farm machinery, buildings and installed equipment.

Under the provisions of the Farm Credit Act, the Corporation is also required to administer certain programs assigned to it by the Government. The Corporation currently extends credit under the Special Farm Financial Assistance Program, a temporary program expiring in June 1984, introduced to assist farmers in financial difficulty.

2. Significant accounting policies

• Allowance for doubtful accounts

The allowance for doubtful accounts relates to loans receivable and represents an estimate of future probable losses on the accounts outstanding at the end of the year. Actual losses on loans and write-downs of acquired real estate to the net realizable value are charged to the allowance while recoveries of loan losses are credited to the allowance. The adjustment of the allowance to the appropriate level is charged to operations as a provision for doubtful accounts.

• Revenue recognition

Interest income is recorded on an accrual basis.

Loan application fees are recorded when received. Appraisal fees withheld from loan funds are recorded at the time the loans are disbursed. Partial discharge fees are recorded when the discharge occurs.

Service charges earned on loans to farm syndicates are recorded when loans are disbursed.

Penalties charged on loan prepayments are recorded at the time the prepayments are applied as a reduction of loan principal.

• Real estate

Real estate is carried at the lower of cost and net realizable value. It represents farm property acquired in the process of administering the outstanding loans receivable and must be disposed of within five years of acquisition or such further period as the Governor in Council may prescribe.

Notes (continued)

Fixed assets

Fixed assets are recorded at cost less accumulated depreciation. Leasehold improvements are amortized using the straight-line method over the term of the lease and one renewal period. Computer hardware and software are depreciated using the straight-line method over their estimated useful lives. Other fixed assets are depreciated using the diminishing balance method at annual rates of 20% for furniture and equipment and 30% for automobiles.

Debt issue expenses

Discounts and expenses relating to the issuance of debt are amortized on a straight-line basis over the life of the debt and included in interest expense on loans payable.

Translation of foreign currencies

Loans payable in foreign currencies are hedged by currency conversion agreements and are translated into Canadian dollars at the rates provided therein. The difference between the ultimate amounts payable at the contracted rates and the cash proceeds of the debt issues is considered to be a financing cost and is therefore amortized by a charge to interest expense over the lives of the obligations on a straight-line basis. The unamortized portion of these costs is included with unamortized debt issue expenses in the balance sheet. The related interest payable on these debt issues is also hedged by currency conversion agreements and is translated into Canadian dollars at such contract rates.

Pension plan

The Corporation's employees participate in the Public Service Superannuation Plan. Contributions to the Plan are made equally by both employees and the Corporation, and these contributions in respect of current service are expensed during the year in which the services are rendered.

Employee termination benefits

On termination of employment, employees of the Corporation are entitled to severance benefits provided for under their terms of employment. The liability for these benefits is recorded as the benefits accrue to the employees.

Deferred income taxes

The Corporation records income taxes on the tax allocation basis which recognizes the income tax effect on transactions when they are recorded in accounting income, regardless of when such items are recognized for tax purposes. Deferred income taxes as of March 31, 1983 resulted primarily from the timing difference between the provision for doubtful accounts charged to operations and the amount claimed for tax purposes with respect to mortgage reserves deducted under Section 33 of the Income Tax Act.

3. Loans receivable	Maturities not exceeding	Annual interest rate %	1984	1983
			(in thousands of dollars)	
Loans to farmers, secured by mortgages	30 years	5-16¾	\$4,878,466	\$4,255,857
Loans to farm syndicates, secured by notes	15 years	6¼-17½	13,770	15,798
Loans receivable from real estate sales, secured by agreements for sale or mortgages	27 years	5-16¾	18,652	13,126
Loans receivable under the Small Farm Development Program, secured by agreements for sale	20 years	7-10	6,212	6,681
			\$4,917,100	\$4,291,462

Maturities by fiscal year are as follows:

	1984	1983
	(in thousands of dollars)	
1984	\$ —	\$ 345,292
1985	410,402	98,977
1986	118,421	105,001
1987	126,558	111,265
1988	135,036	117,910
1989	144,046	124,952
1990 through 2014	3,982,637	3,388,065
	\$4,917,100	\$4,291,462

At March 31, 1984 accrued interest of \$255,565,000 (1983 — \$211,389,000) and arrearages of \$110,461,000 (1983 — \$79,639,000) are included in loans receivable and shown as maturing in the year ending March 31, 1985 (1983 — March 31, 1984).

Prepayments of principal from farmers of \$129,500,000 (1983 — \$54,037,000) were received during the year.

Notes (continued)

4. Loans payable	Maturities not exceeding	Annual interest rate %	1984	1983
			(in thousands of dollars)	
Loans from Canada, secured by notes				
Farms Credit Act	20 years	4-15¾	\$4,288,685	\$3,931,505
Farm Syndicates Credit Act	5 years	7¾-16½	13,367	15,766
Small Farm Development Program	20 years	6-9	7,802	8,249
			4,309,854	3,955,520
Loans from the capital markets, secured by notes				
Farm Credit Act	10 years	10¾-12¼	299,992	50,000
Amounts owing in respect of interest rate and currency conversion agreements	10 years	10¾-12¼	5,608	—
			4,615,454	4,005,520
Accrued interest			146,409	119,386
			\$4,761,863	\$4,124,906

Maturities by fiscal year are as follows:

	1984	1983
	(in thousands of dollars)	
1984	\$ —	\$ 286,633
1985	348,463	181,758
1986	201,136	193,767
1987	191,157	183,072
1988	188,293	179,425
1989	204,051	194,639
1990 through 2004	3,628,763	2,905,612
	\$4,761,863	\$4,124,906

Accrued interest at March 31, 1984 of \$146,409,000 (1983 — \$119,386,000) is shown as maturing in the year ending March 31, 1985.

By Order in Council, the Minister of Finance is authorized to provide a net increase in loans from Canada of \$465,800,000 for the year ending March 31, 1985. The Corporation has also received approval to borrow an amount not exceeding \$275,000,000 from capital markets during the fiscal year ending March 31, 1985.

5. Contributed capital

The contributed capital of the Corporation represents the amount received from Canada under section 12 of the Farm Credit Act. The statutory limit on this amount is \$225 million (1983 - \$225 million). During the year, capital of \$23.9 million (1983 - \$23.2 million) was contributed by Canada. By Order in Council, the Minister of Finance is authorized to provide an increase in capital of \$28.4 million for the year ending March 31, 1985.

6. Income Taxes

At March 31, 1984 management has determined that it is no longer appropriate to record potential tax benefits relating to tax losses carried forward for accounting purposes. Consequently, the amount of \$3,319,000 in potential future tax reductions, recorded as an asset at March 31, 1983 has been written off this year as an extraordinary item. The Corporation has a tax loss carry forward for accounting purposes of approximately \$59,000,000 at March 31, 1984 which has not been recognized in the accounts and is available to reduce taxable income in future years. All of this amount can be carried forward indefinitely.

7. Limit on borrowing

The Farm Credit Act limits the aggregate amount outstanding of the principal borrowings by the Corporation pursuant to the Act to twenty-five times the capital of the Corporation. At March 31, 1984 the Corporation's outstanding borrowings under this Act were 24.20 times the capital (1983 - 24.06 times).

The Farm Syndicates Credit Act limits the loans from Canada pursuant to the Act to twenty-five million dollars. At March 31, 1984 the Corporation's loans from Canada under this Act were \$13.4 million (1983 - \$15.8 million).

8. Commitments to farmers

Loans to farmers approved but not disbursed as at March 31, 1984 amounted to \$61.0 million (1983 - \$128.5 million), most of which were approved at 13% (1983 - 13¼). It is expected that the majority of these loans will be disbursed within the six-month period ending September 30, 1984 from funds to be borrowed by the Corporation.

9. Operating leases

The future minimum lease payments required under operating leases having initial non-cancellable lease terms in excess of one year are as follows:

	(in thousands of dollars)
Year ending March 31, 1985	\$1,672
1986	1,412
1987	1,238
1988	786
1989	510
1990 and subsequent	2,706
	<hr/>
	\$8,324

These leases generally provide for the payment by the Corporation of real estate taxes and operating expenses in excess of those amounts established at the commencement of the lease term.

Five Year Review

Operational	83-84	82-83	81-82	80-81	79-80
Total loans receivable portfolio					
Number of loans receivable	80,112	77,609	74,637	72,663	72,563
Amount of loans receivable (\$000)	4,917,100	4,291,462	3,847,805	3,842,006	3,192,006
Under Farm Credit Act (including special program)					
Number of loans approved	5,738	5,509	4,948	4,686	5,698
Amount of loans approved gross (\$000)	779,007	635,568	499,782	508,885	628,480
Amount of loans approved net (\$000)	758,142	614,370	450,633	393,544	466,700
Average size of loans approved (\$)	135,763	115,369	101,007	108,587	110,298
Percentage of loans in good standing	87.6	88.9	90.6	93.0	91.7
Under Farm Syndicates Credit Act					
Number of loans approved	92	84	174	169	167
Amount of loans approved (\$000)	2,855	2,289	5,569	4,774	4,662
Financial					
Revenues and expenses (\$000)					
Interest income	487,260	397,419	337,978	286,324	244,011
Net interest income	41,440	34,036	35,220	31,736	25,921
Administrative expense	31,643	28,233	24,350	21,449	19,131
Provision for doubtful accounts	65,708	31,758	8,711	3,725	2,011
Net income (loss) before tax & extraordinary item	(53,395)	(24,459)	3,461	7,688	6,031
Net income (loss) for year	(56,714)	(13,208)	1,869	4,151	3,251
Financial Position (\$000)					
Total assets	4,901,222	4,300,126	3,853,897	3,483,054	3,191,821
Total liabilities	4,770,339	4,136,429	3,700,177	3,344,351	3,067,671
Equity of Canada	130,883	163,697	153,720	138,703	124,150
Selected financial indicators					
Debt-to-equity ratio	36.38:1	25.20:1	23.98:1	24.03:1	24.65:1
Asset coverage ratio	1.03:1	1.04:1	1.05:1	1.05:1	1.04:1
Interest coverage ratio	.88:1	.93:1	1.01:1	1.03:1	1.03:1
Profit margin	-11.58%	-3.31%	.55%	1.44%	1.33%
Return on equity	-38.50%	-8.32%	1.28%	3.16%	2.79%



Corporate Directory



Members of the Board

(left to right) back row — Paul Babey, Gerald I. Trant, Réal Lambert, Eiliv H. Anderson, Claude Palmer, front row — Edward J. Doyle, Irene Perich, W. Ralph deGruchy



Members of the Board

The Board of the Corporation is composed of seven members, each of whom is appointed by Order in Council. Members are appointed to terms of up to ten years. The Chairman and Vice-Chairman of the Board are also officers of the Corporation. The Chairman is the Chief Executive Officer and as such directs and supervises the operations of the Corporation.

Eiliv H. Anderson
Chairman of the Board, FCC
Chairman and Chief Executive Officer

Paul Babey
Vice-Chairman of the Board,
FCC Vice-Chairman and Chief
Operating Officer

Edward J. Doyle
Retired branch manager of a
Canadian chartered bank,
Ontario

Réal Lambert
Dairy farmer, Quebec

Claude Palmer
Beef, potato and grain producer,
Prince Edward Island

Irene Perlich*
Owner and manager of a cow/
calf operation, Alberta

Gerald I. Trant
Senior Assistant Deputy Minister,
Agriculture Canada

W. Ralph deGruchy
Secretary to the Board, FCC
Secretary-General

*Note:
Irene Perlich joined
the Board in
November 1983
following the resignation
of Carol Teichrob.

Advisory Committee

The Advisory Committee is appointed by the Minister of Agriculture to advise him and the Corporation on lending policy matters. The majority of the members must be farmers or representatives of farm organizations.

Don Knoerr
British Columbia

Walter H. Olson
Alberta

Jean-Marie Bourrée
Saskatchewan

George Vercaigne
Manitoba

Ron Oswald
Ontario

George Gardhouse
Ontario

Robert Younge
Quebec

Ernest Boudreau
New Brunswick

Alma MacLennan
Prince Edward Island

Corporate Directory (continued)

Chairmen of Appeal Boards

Appeal Boards composed of practical farmers of proven ability and judgement are established in each province to hear appeals from farmers who are not satisfied with the Corporation's decision on any loan application.

E.T. (Ted) Osborn
British Columbia

Gordon Miller
Alberta

Enos Sproat
Saskatchewan

Robert W. Hopley
Manitoba

Edward J. Mailloux
Ontario

Robert Brochu
Quebec

W. Burris Coburn
New Brunswick

Thomas Meredith
Nova Scotia

Wilbert MacKenzie
Prince Edward Island

Colin Bull
Newfoundland

Head Office

Eiliv H. Anderson
Chairman and Chief Executive Officer

Paul Babey
Vice-Chairman and Chief Operating Officer

W. Ralph deGruchy
Secretary-General

Jean-E. Brassard
Legal Counsel

Gordon H. Hollingshead
Director, Lending Operations

William G. Mann
Comptroller

Thomas R. Robertson
Treasurer

Terry Kremeniuk
Director, Corporate Planning

Stewart Given
Director, Management Services

Louise Neveu
Director, Communications

John J. Poirier
Director, Corporate Audit

George Pender
Chief Accountant





- Head Office
- Regional Offices
- District Offices
- Field Offices
- Potential Cropland

REGIONAL
OFFICES

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Atlantic
MANAGERS	Jack Cardiff Suite 200 595 K.L.O. Road Kelowna V1Y 8E7 (604) 762-2416	George Jones Suite 1550 Continental Bank Bldg. 10250-101 Street Edmonton T5J 3P4 (403) 420-6751	Dave Fraser 500 South Broad Plaza 2045 Broad Street Regina S4P 2B7 (306) 359-5610	Brian Strom 400-5 Donald Street Winnipeg R3L 2T4 (204) 949-4039	Bob Aumell 105 Silvercreek Parkway N. Guelph N1H 7G7 (519) 821-1330	Fabien Langlois Champlain Bldg. 2700 Laurier Blvd. Ste. Foy G1V 4C7 (418) 694-3993	John van Abbema 2nd Floor Boulevard Plaza Phase I 1133 St. George Blvd. Moncton E1E 4E1 (506) 388-6595

DISTRICT
OFFICES

		Calgary, Grande Prairie, Lacombe, Lethbridge, Vegreville, Westlock	North Battleford, Prince Albert, Regina, Saskatoon, Swift Current, Yorkton	Brandon, Portage la Prairie, Winnipeg	Chatham, Guelph, Lindsay, Nepean, North Bay, Walkerton, Woodstock	Cap-de-la-Madeleine, Quebec, St. Hyacinthe, St. Jean, Sherbrooke	Charlottetown, Moncton
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FIELD
OFFICES

	Abbotsford, Dawson Creek, Kelowna, Vanderhoof	Athabasca, Barrhead, Brooks, Camrose, Drumheller, Evansburg, Fairview, Falher, Hanna, Medicine Hat, Peace River, Redwater Stettler, St. Paul, Vermilion, Wainwright, Westaskiwin	Assiniboia, Carlyle, Humboldt, Kindersley, Meadow Lake, Moose Jaw, Rosetown, Tisdale, Weyburn, Wynyard	Arborg, Carman, Dauphin, Killarney, Morden, Neepawa, Swan River, Virden	Barrie, Campbellford, Cornwall, Essex, Goderich, Kingston, Lambeth, Listowel, New Liskeard, Owen Sound, Simcoe, Stratford, Vineland Station, Wyoming	Arthabaska, Drummondville, Granby, Hull, Joliette, Rimouski, Riviere-du- Loup, Roberval, St. Georges de Beauce, St. Jerome, Valleyfield, Ville-Marie	Fredericton, Grand Falls, Kentville, St. John's, Summerside, Sussex, Truro, Woodstock
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Graphic design:

Jacques Charette and Associates Ltd.

Photography:

NFB Photothèque
Agriculture Canada
Bill Fleming
Richard Amey
Garry Carter
John Evans

Graphisme :

Jacques Charette et Associés Ltée

Photographies :

Photothèque de l'ONF
Agriculture Canada

Bill Fleming

Richard Amey

Garry Carter

John Evans

BUREAUX REGIONAUX	Colombie-Britannique	Alberta	Saskatchewan	Manitoba	Ontario	Québec	Atlantique
GÉRANTS	Jack Cardiff Bureau 200 595, ch. K.L.O. Kelowna V1Y 8E7 (604) 762-2416	George Jones Bureau 1550 Ed. Banque Continental 10250, 101 ^e rue Edmonton T5J 3P4 (403) 420-6751	Dave Fraser 500, South Broad Plaza 2045, rue Broad Regina S4P 2B7 (306) 359-5610	Brian Strom 400-5, rue Donald, Winnipeg R3L 2T4 (204) 949-4039	Bob Aumell 105, prom. Silvercreek N. Guelph N1H 7G7 (519) 821-1330	Fabien Langlois Ed. Champlain Bureau 2000 2700, boul. Laurier C.P. 3600 Ste-Foy G1V 4C7 (418) 694-3993	John van Abbema 2 ^e étage Boul. Plaza Phase 1 1133, boul. St-George Moncton E1E 4E1 (506) 388-6595
BUREAUX DE DISTRICT	Calgary, Grande Prairie, Lacombe, Lethbridge, Vegreville, Westlock	North Battleford, Prince Albert, Regina, Saskatoon, Swift Current, Yorkton	Brandon, Portage la Prairie, Winnipeg	Chatham, Guelph, Lindsay, North Bay, Nepean, Walkerton, Woodstock	Cap-de-la-Madeleine, Québec, St-Hyacinthe, St-Jean, Sherbrooke	Charlottetown, Moncton	
BUREAUX DE CAMPAGNE	Abbotsford, Dawson Creek, Kelowna, Vanderhoof	Athabasca, Barrhead, Brooks, Camrose, Drumheller, Evansburg, Fairview, Falher, Hanna, Medicine Hat, Peace River, Redwater Settler, St-Paul, Vermilion, Wainwright, Wetaskiwin	Assiniboia, Carlyle, Humboldt, Kindersley, Meadow Lake, Moose Jaw, Rosetown, Tisdale, Weyburn, Wynard	Arborg, Carman, Dauphin, Killarney, Morden, Neepawa, Swan River, Virden	Barrie, Campbellford, Cornwall, Essex, Goderich, Kingston, Lambeth, Listowel, New Liskeard, Owen Sound, Simcoe, Stratford, Vineland Station, Wyoming	Arthabaska, Drummondville, Granby, Hull, Joliette, Rimouski, Rivière-du- Loup, Roberval, St-Georges de Beauce, St-Jérôme, Valleyfield, Ville-Marie	Fredericton, Grand Falls, Kentville, St. John's, Summerside, Sussex, Truro, Woodstock

- Siège social
- Bureaux régionaux
- Bureaux de district
- Bureaux de campagne
- Les sols offrant un potentiel agricole





Liste des officiels et cadres supérieurs (suite)

Commissions d'appel

Des Commissions d'appel, composées d'agriculteurs actifs reconnus pour leurs compétences et leur jugement, sont établies dans chaque région pour entendre les appels déposés par les agriculteurs non satisfaits de la décision rendue par la Société à l'égard de leur demande d'emprunt.

E.T. (Ted) Osborn

Colombie-Britannique

Gordon Miller

Alberta

Enos Sproat

Saskatchewan

Robert W. Hopley

Manitoba

Edward J. Mailloux

Ontario

Robert Brochu

Québec

W. Burns Coburn

Nouveau-Brunswick

Thomas Meredith

Nouvelle-Écosse

Wilbert MacKenzie

Ile-du-Prince-Édouard

Colin Bull

Terre-Neuve

Siège social

Elliv H. Anderson

Président directeur général

Paul Babey

Vice-président et Chef de l'exploitation

W. Ralph deGruchy

Secrétaire général

Jean-E. Brassard

Conseiller juridique

Gordon H. Hollingshead

Directeur, Opérations de prêt

William G. Mann

Contrôleur

Thomas R. Robertson

Trésorier

Terry Kremeniuk

Directeur, Planification

Stewart Given

Directeur, Ressources de gestion

Louise Neveu

Directrice, Communications

John J. Poirier

Directeur, Vérification

George Pender

Comptable en chef

Conseil d'administration

Le Conseil d'administration de la Société est formé de sept membres, tous nommés par décret du conseil. Les membres sont nommés pour un terme pouvant atteindre dix ans. Le Président et le Vice-président du Conseil d'administration sont aussi des fonctionnaires de la Société. Le président est également directeur général de la SCA et, à ce titre, dirige et supervise ses opérations.

Membres

Elliv H. Anderson
Président du Conseil d'administration
Président directeur général de la SCA

Paul Babey
Vice-président du Conseil d'administration
Vice-président de la SCA et chef de d'exploitation

Edward J. Doyle
Directeur à la retraite d'une banque à charte canadienne, Ontario

Réal Lambert
Producteur laitier, Québec

Claude Palmer
Producteur de bœuf, de pommes de terre et de céréales, Ile-du-Prince-Édouard

Irene Perlich*
Propriétaire et gérante d'un élevage vaches/veaux, Alberta

Gerald I. Trant
Sous-ministre adjoint principal, Agriculture Canada
W. Ralph deGruchy
Secrétaire du Conseil d'administration
Secrétaire général de la SCA

Comité consultatif

Le Comité consultatif est nommé par le Ministre de l'Agriculture. Il est chargé de conseiller le Ministre et la Société sur des questions de politique de prêt. La majorité des membres doivent être des agriculteurs ou des représentants d'organisations agricoles.

Membres

Don Knoerr
Colombie-Britannique

Walter H. Olson
Alberta

Jean-Marie Bourée
Saskatchewan

George Vercaigne
Manitoba

Ron Oswald
Ontario

George Gardhouse
Ontario

Robert Young
Québec

Ernest Boudreau
Nouveau-Brunswick

Alma MacLennan
Ile-du-Prince-Édouard

*Remarque :
Irene Perlich a été nommée au Conseil d'administration en novembre 1983 à la suite de la démission de Carol Teichrob.



Liste des officiels et cadres supérieurs



Conseil d'administration

(De gauche à droite) À l'avant : Paul Babey, Gerald I. Tran, Réal Lambert, Eiliv H. Anderson, Claude Palmer. À l'arrière : Edward J. Doyle, Irène Perlich, W. Ralph deGruchy.



Récapitulation quinquennale

Activités de prêts	Portefeuille total de prêts à recevoir				
	83-84	82-83	81-82	80-81	79-80
Nombre de prêts à recevoir	80,112	77,609	74,637	72,663	72,566
	4,917,100	4,291,462	3,847,805	3,842,006	3,192,000
Loi sur le crédit agricole (programme spécial compris)					
Nombre de prêts approuvés	5,738	5,509	4,948	4,686	5,69
	779,007	635,568	499,782	508,885	628,48
Montant brut des prêts approuvés (\$ 000)	758,142	614,370	450,633	393,544	466,70
Montant moyen des prêts approuvés (\$)	135,763	115,369	101,007	108,587	110,29
Pourcentage des prêts à jour	87.6	88.9	90.6	93.0	91
Loi sur le crédit aux syndicats agricoles					
Nombre de prêts approuvés	92	84	174	169	16
Montant des prêts approuvés (\$ 000)	2,855	2,289	5,569	4,774	4,66
Finances					
Revenus et dépenses (\$ 000)					
Revenus d'intérêt	487,260	397,419	337,978	286,324	244,01
Revenus d'intérêts administratifs	41,440	34,036	35,220	31,736	25,92
Dépenses pour créances douteuses	31,643	28,233	24,350	21,449	19,13
Bénéfice net (perte) avant impôts	65,708	31,758	8,711	3,725	2,01
Bénéfice net (perte) et poste extraordinaire	(53,395)	(24,459)	3,461	7,688	6,03
Bénéfice net (perte) pour l'exercice	(56,714)	(13,208)	1,869	4,151	3,25
Situation financière (\$ 000)					
Actif total	4,901,222	4,300,126	3,853,897	3,483,054	3,191,82
Passif total	4,770,339	4,136,429	3,700,177	3,344,351	3,067,67
Avoir du Canada	130,883	163,697	153,720	138,703	124,15
Indicateurs financiers choisis					
Ratio d'endettement	36.38:1	25.20:1	23.98:1	24.03:1	24.65:1
Ratio de couverture de l'actif	1.03:1	1.04:1	1.05:1	1.05:1	1.04:1
Ratio de couverture de l'intérêt	.88:1	.93:1	1.01:1	1.03:1	1.03:1
Marge bénéficiaire	-11.58%	-3.31%	.55%	1.44%	1.33%
Rendement de l'avoir net	-38.50%	-8.32%	1.28%	3.16%	2.79%

5. Capital d'apport

Le capital d'apport de la Société représente le montant reçu du Canada en vertu de l'article 12 de la Loi sur le crédit agricole. La limite statutaire actuelle de ce montant est de \$225 millions (1983 - \$225 millions). Au cours de l'exercice, le Canada a versé à la Société \$23,9 millions (1983 - \$23,2 millions). Par décret du Conseil, le Ministère des Finances peut accorder une augmentation de capital de \$28,4 millions pour l'exercice se terminant le 31 mars 1985.

6. Impôts sur le revenu

La direction a décidé qu'il n'est pas opportun de comptabiliser, au 31 mars 1984, les avantages fiscaux possibles liés aux reports en aval de pertes aux fins fiscales à des fins comptables. En conséquence, un montant de \$3,319,000 en réductions fiscales futures potentielles, consigné comme un actif au 31 mars 1983, a été radié cette année à titre de poste extraordinaire. Au 31 mars 1984, la Société avait un report de pertes fiscales d'environ \$59,000,000 qui n'avait pas été comptabilisé dans les comptes et était disponible pour application en réduction du revenu imposable au cours des exercices subséquents. La totalité de ce montant peut être reportée indéfiniment.

7. Limites d'emprunt

La Loi sur le crédit agricole limite le montant global du solde des emprunts non réglés de la Société, aux termes de la Loi, à vingt-cinq fois son capital. Au 31 mars 1984, le solde des emprunts non réglés en vertu de cette Loi s'élevait à 24,20 fois son capital (1983 - 24,06 fois).

La Loi sur le crédit aux syndicats agricoles limite les emprunts auprès du Canada, aux termes de la Loi, à vingt-cinq millions de dollars. Au 31 mars 1984, les emprunts de la Société en vertu de cette Loi s'élevaient à \$13,4 millions (1983 - \$15,8 millions).

8. Engagements envers les agriculteurs

Les prêts approuvés aux agriculteurs mais non déboursés au 31 mars 1984 s'élevaient à \$61,0 million (1983 - \$128,5 millions). La part portant un taux d'intérêt de 13% (1983 13¼%). On prévoit que la plupart de ces prêts seront déboursés au cours du semestre se terminant le 30 septembre 1984, à même des fonds que la Société empruntera d'ici cette date.

9. Contrats de location – exploitation

Les versements minimaux futurs exigibles en vertu de contrats de location comportant une durée initiale non résiliable de plus d'un an se résument comme suit :

Exercice se terminant le 31 mars 1985	1986	1987	1988	1989	1990 et après
\$1,672	1,412	1,238	786	510	2,706
					\$8,324

(en milliers de dollars)

Ces baux prévoient généralement le paiement par la Société des impôts fonciers et des frais d'exploitation en sus des montants fixés au début du terme du bail.

Notes (suite)

4. Emprunts

Échéances n'excédant pas	Taux d'intérêt annuel %	(en milliers de dollars)	
		1984	1983
Emprunts auprès du Canada, garantis par billets à ordre Loi sur le crédit agricole 20 ans	4-15%	\$4,288,685	\$3,931,505
	5 ans	13,367	15,766
	7%-16½	7,802	8,249
Emprunts sur les marchés financiers, garantis par des billets à ordre Loi sur le crédit agricole 10 ans	10%-12¼	299,992	50,000
	10 ans	5,608	—
	10%-12¼	4,615,454	4,005,520
Montant dû — « Accords de conversion de devises et d'intérêts » 10 ans	10%-12¼	146,409	119,386
	10 ans	4,615,454	4,005,520
	10%-12¼	\$4,761,863	\$4,124,906

Les échéances par exercice financier sont les suivantes :

1984	\$ —	\$ 286,633
1985	348,463	181,758
1986	201,136	193,767
1987	191,157	183,072
1988	188,293	179,425
1989	204,051	194,639
1990 à 2004	3,628,763	2,905,612
	\$4,761,863	\$4,124,906

L'intérêt couru au 31 mars 1984, soit \$146,409,000 (1983 — \$119,386,000) paraît comme venant à échéance au cours de l'exercice se terminant le 31 mars 1985.

Par décret du Conseil, le Ministre des Finances est autorisé à accorder une augmentation nette des emprunts auprès du Canada de \$465,800,000 pour l'exercice se terminant le 31 mars 1985. La Société a également reçu l'autorisation d'emprunter jusqu'à concurrence de \$275 millions sur les marchés de capitaux pendant l'exercice qui s'achève le 31 mars 1985.

3. Prêts

Échéances n'excédant pas	Taux d'intérêt annuel %	(en milliers de dollars)	
		1984	1983
Prêts aux agriculteurs, garantis par hypothèques aux syndicats agricoles, garantis par billets à ordre résultant de ventes immobilières, garantis par des contrats de vente ou des hypothèques Prêts à recevoir aux termes du Programme de développement des petites fermes, garantis par des contrats de vente			
30 ans	5-16%	\$4,878,466	\$4,255,857
15 ans	6¼-17½	13,770	15,798
27 ans	5-16%	18,652	13,126
20 ans	7-10	6,212	6,681
		\$4,917,100	\$4,291,462

Les échéances par exercice financier sont les suivantes :

1984	\$	—	\$ 345,292
1985	410,402	98,977	105,001
1986	118,421	111,265	117,910
1987	126,558	124,952	117,910
1988	135,036	144,046	124,952
1989	144,046	3,982,637	3,388,065
1990 à 2014	\$4,917,100		\$4,291,462

Un intérêt couru de \$255,565,000 (1983 — \$211,389,000) et des arrages de \$110,461,000 (1983 — \$79,639,000) sont inclus dans les prêts au 31 mars 1984 et présentés comme venant à échéance au cours de l'exercice se terminant le 31 mars 1985 (1983 — le 31 mars 1984). Au cours de l'exercice, la SCA a reçu des agriculteurs \$129,500,000 (1983 — \$54,037,000) en paiements anticipés de principal.

Notes (suite)

- Immobilitisations
 - Les immobilisations sont comptabilisées au coût d'origine moins l'amortissement accumulé. Les améliorations locatives sont amorties selon la méthode linéaire pour la durée du bail plus une période de renouvellement. Le matériel et le logiciel informatiques sont amortis, selon la méthode linéaire, sur la durée de leur vie utile estimative. Les autres immobilisations sont amorties selon la méthode du solde dégressif aux taux annuels de 20% pour le mobilier et le matériel et de 30% pour les automobiles.
 - Frais d'émission de la dette
 - Les escomptes et les frais liés à l'émission de titres sont amortis selon la méthode linéaire sur la durée de l'émission et le montant amorti est imputé aux frais d'intérêt sur les emprunts.
 - Conversion des devises étrangères
 - Les emprunts à payer en devises étrangères sont assortis d'accords de conversion de devises, et ils sont convertis en dollars canadiens aux taux prévus à ces accords. La différence entre les montants définitifs à rembourser et les montants perçus lors de l'émission de la dette à terme est assimilée à un coût de financement, et est dès lors imputée au poste de frais d'intérêt selon la méthode de l'amortissement linéaire pratiquée sur la durée de chaque émission. La tranche non amortie de ces coûts est présentée au bilan au poste des frais d'émission de la dette à terme non amortis. L'intérêt sur les émissions de dettes est également assorti d'accords de conversion de devises et il est converti en dollars canadiens aux taux prévus à ces accords.
 - Régime de retraite
 - Les employés de la Société participent au Régime de pension de retraite de la Fonction publique. Les employés et la Société contribuent à part égale à ce régime. Les cotisations relatives aux services courants sont imputées aux résultats de l'exercice pendant lequel les services ont été rendus.
 - Prestations de cessation d'emploi
 - Au moment de leur cessation d'emploi, les employés de la Société peuvent recevoir des indemnités de départ en vertu de leurs modalités d'emploi. Le passif à l'égard de ces prestations est comptabilisé à mesure que les prestations s'accumulent aux employés.
 - Impôts sur le revenu reportés
 - La Société comptabilise les impôts sur le revenu selon la méthode du report d'impôts, selon laquelle les impôts sur le revenu sont calculés sur tous les éléments compris à l'état des résultats indépendamment du moment où ces éléments seront envisagés du point de vue fiscal. Les impôts reportés au 31 mars 1983 résultent principalement de l'écart entre la provision pour créances douteuses imputée à l'exploitation et le montant réclamé aux fins fiscales, au titre des réserves hypothécaires déductibles en vertu de l'article 33 de la Loi de l'impôt sur le revenu.

Notes afférentes aux états financiers

du 31 mars 1984

1. La Société

La Société du crédit agricole a été constituée en vertu de la Loi sur le crédit agricole en 1959 afin de succéder à la Commission du prêt agricole canadien. Son objectif premier est d'aider les agriculteurs canadiens à établir et à aménager des exploitations agricoles rentables, en leur fournissant du crédit à long terme sous le régime de la Loi sur le crédit agricole.

La Société administre également un programme de crédit autorisé sous le régime de la Loi sur le crédit aux syndicats agricoles. Cette loi a remplacé la Loi sur le crédit aux syndicats de machines agricoles qui avait été votée en 1964. L'objectif de la L.C.S.A. est de prêter aux agriculteurs qui se regroupent en syndicats, afin de partager le coût de l'achat et de l'utilisation de machines aratoires, de bâtiments de ferme et d'équipement fixe.

En vertu des dispositions de la Loi sur le crédit agricole, la Société est aussi appelée à appliquer certains programmes à la demande du gouvernement. C'est ainsi que la Société consent, à l'heure actuelle, du crédit dans le cadre du Programme spécial d'aide financière à l'agriculture, un programme temporaire qui prendra fin en juin 1984 et qui a été lancé afin de venir en aide aux agriculteurs en difficulté financière.

2. Principales conventions comptables

Provision pour créances douteuses

La provision pour créances douteuses a trait aux prêts à recevoir et représente les pertes que la Société prévoit subir sur les comptes impayés à la fin de l'exercice. Les pertes réelles sur les prêts ainsi que les dévaluations des immeubles acquis à leur valeur nette de réalisation sont imputées à la provision tandis que les pertes recouvrées y sont créditées. La provision au bilan, rajustée au niveau approprié, est imputée à l'exploitation à titre de provision pour créances douteuses.

Constatation des revenus

Les revenus d'intérêt sont inscrits selon la méthode de comptabilité d'exercice.

Les honoraires reliés aux demandes de prêts sont inscrits aux revenus au moment de l'encaissement. Les honoraires d'évaluation, déduits à même les fonds de prêts, sont inscrits lorsque les prêts sont déboursés. Les frais de mainlevée partielle sont inscrits au moment où les frais de service réalisés sur les prêts aux syndicats agricoles sont comptabilisés lorsque les prêts sont déboursés.

Les pénalités perçues sur les paiements de prêts anticipés sont comptabilisées lorsque les paiements anticipés sont appliqués en réduction du principal du prêt.

Biens-fonds

Les propriétés immobilières sont comptabilisées au coût d'origine ou à la valeur de réalisation nette, selon le moins élevé des deux. Il s'agit de propriétés agricoles acquises dans le cadre de l'administration des prêts impayés à recevoir. La Société doit se départir de ces propriétés dans les cinq années qui suivent leur acquisition ou au cours de toute période supplémentaire que peut prescrire le Gouverneur en conseil.

Évolution de la situation financière pour l'exercice terminé le 31 mars 1984

1984	1983	(en milliers de dollars)
Provenance des fonds		
Emprunts auprès du Canada	\$535,300	
Moins : Emprunts remboursés	263,966	
	371,263	
Emprunts sur les marchés financiers	255,599	
Augmentation (diminution) nette des billets à court terme	(5,000)	
Remboursements de prêts	230,024	
Capital d'apport du Canada	23,900	
	133,114	
	5,000	
	50,000	
	582,562	
Utilisation des fonds		
Exploitation	53,395	
Perte avant poste extraordinaire	(13,348)	
Eléments n'affectant pas l'encaisse	16,693	
	40,047	
Prêts aux agriculteurs	806,991	
Moins : Prêts refinancés	20,959	
	786,032	
Variation nette des autres éléments d'actif et de passif	21,182	
	3,035	
Augmentation de l'encaisse	847,261	
	565,707	
	11,596	
	12,377	
Encaisse au début de l'exercice	29,232	
Encaisse à la fin de l'exercice	\$ 40,828	
	\$ 29,232	

Les notes ci-jointes font partie intégrante des états financiers.

Etat des résultats et du déficit pour l'exercice terminé le 31 mars 1984

1984	1983	(en milliers de dollars)
Revenus d'intérêt	\$ 481,336	\$ 394,214
Prêts	5,924	3,205
Placements	487,260	397,419
Frais d'intérêt	441,508	362,977
Emprunts	4,312	406
Billets à court terme	445,820	363,383
Revenu net d'intérêt	41,440	34,036
Honoraires et autres revenus	2,516	1,496
	43,956	35,532
Autres frais	23,718	21,363
Salaires et prestations aux employés	2,273	2,051
Locaux	2,509	2,135
Voyages	3,143	2,684
Autres	31,643	28,233
Provision pour créances douteuses	65,708	31,758
	97,351	59,991
Perte avant impôts sur le revenu et poste extraordinaire	(53,395)	(24,459)
Impôts sur le revenu reportés	—	11,251
Perte avant poste extraordinaire	(53,395)	(13,208)
Radiation des impôts sur le revenu reportés (note 6)	(3,319)	—
Perte nette de l'exercice	(56,714)	(13,208)
Bénéfices non répartis (déficit), début d'exercice	(2,336)	10,872
Déficit, fin d'exercice	\$ (59,050)	\$ (2,336)

Les notes ci-jointes font partie intégrante des états financiers.

Bilan

au 31 mars 1984

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1984 1983

(en milliers de dollars)

Actif	
Encaisse	\$ 40,828
Débiteurs	396
Prêts (note 3)	4,917,100
Moins : Provision pour créances douteuses	86,650
	4,830,450
Biens-fonds	14,301
Immobilisations	1,580
Frais d'émission de la dette non amortis	13,667
Impôts sur le revenu reportés	—
	3,319
	1,480
	7,632
	1,442
	4,256,792
<hr/>	
	\$4,901,222
	\$4,300,126

Passif	
Créditeurs et frais courus	\$ 5,981
Billets à court terme	—
Provision pour prestations de cessation	5,000
d'emploi	2,308
Emprunts (note 4)	4,124,906
	2,495
	4,761,863
	4,770,339
<hr/>	
Avoir du Canada	4,136,429
Capital d'apport (note 5)	166,033
Déficit	(2,336)
	163,697
	\$4,901,222
	\$4,300,126

Les notes ci-jointes font partie intégrante des états financiers.

Approuvé par le Conseil :

Le Président

Le Vice-président

Le Contrôleur

Elliv H. Anderson

Paul Babey

William G. Mann

Rapport du vérificateur

L'honorable Eugene Francis Whelan, C.P., député
Ministre de l'Agriculture

J'ai vérifié le bilan de la Société du crédit agricole au 31 mars 1984 ainsi que l'état des résultats et du déficit et l'état de l'évolution de la situation financière pour l'exercice terminé à cette date. Ma vérification a été effectuée conformément aux normes de vérification généralement reconnues, et a comporté par conséquent les sondages et autres procédés que j'ai jugés nécessaires dans les circonstances.

A mon avis, ces états financiers présentent un aperçu juste et fidèle de la situation financière de la Société au 31 mars 1984 ainsi que les résultats de son exploitation et l'évolution de sa situation financière pour l'exercice terminé à cette date selon les principes comptables généralement reconnus, appliqués de la même manière qu'au cours de l'exercice précédent. De plus, je déclare que la Société, à mon avis, a tenu des livres de comptabilité appropriés, que les états financiers sont conformes à ces derniers et que les opérations dont j'ai eu connaissance ont été effectuées dans le cadre de ses pouvoirs statutaires.

Pour le vérificateur général du Canada



E.R. Rowe, C.A.

Sous-vérificateur général

Ottawa (Canada)
le 11 juin 1984



	Sommes gardées pour versements futurs	Total net
Prêts à recevoir sur ventes de biens immobiliers (L.C.A.)		
Colombie-Britannique	7	452
Alberta	27	994
Saskatchewan	1	44
Manitoba	21	1,086
Ontario	177	10,249
Québec	68	3,214
Nouveau-Brunswick	4	216
Nouvelle-Écosse	5	285
Ile-du-Prince-Edouard	4	249
Terre-Neuve	3	220
Canada	317	17,009
Prêts à recevoir dans le cadre du Programme de développement des petites fermes (L.C.A.)		
Colombie-Britannique	5	62
Alberta	144	1,717
Saskatchewan	177	2,632
Manitoba	75	1,075
Ontario	9	101
Québec	7	55
Nouveau-Brunswick	6	65
Nouvelle-Écosse	2	17
Ile-du-Prince-Edouard	9	84
Terre-Neuve	—	—
Canada	434	5,808
Total	80,112	4,595,164
	255,565	110,461
(44,090)	293	132
4,917,100	(21)	6,212

Examen des finances (suite)

Portefeuille de prêts à recevoir au 31 mars 1984 (en milliers de dollars)

Tableau 5

Sommes gardées pour versements futurs	Intérêts courus	Arrérages	Principal non échu	Nombre	Prêts aux agriculteurs (L.C.A.)	
					Canada	Prêts aux syndicats agricoles (L.C.S.A.)
Tota					Canada	Canada
					78,552	4,560,154
		108,545	253,578	(43,811)	4,878,466	
					Colombie-Britannique	Colombie-Britannique
		6,608	8,772	(3,345)	185,92	201
		20,815	56,977	(8,407)	896,18	2,307
		20,662	86,048	(6,267)	1,409,37	1,117
		14,499	23,147	(4,681)	455,20	2,048
		31,549	52,496	(17,246)	1,324,90	3,367
		11,219	20,458	(2,184)	491,70	4,138
		1,238	2,496	(727)	51,21	373
		48,204	2,496	(727)	51,21	373
		462,211	20,458	(2,184)	491,70	2,048
		1,258,101	52,496	(17,246)	1,324,90	3,367
		422,238	23,147	(4,681)	455,20	1,117
		1,308,928	86,048	(6,267)	1,409,37	2,307
		826,795	56,977	(8,407)	896,18	1,117
		173,886	8,772	(3,345)	185,92	201
					Alberta	Alberta
					15,705	127
					23,650	64
					7,910	167
					18,911	199
					7,799	218
					853	12
					853	3
					48,204	39
					6,808	74
					44,710	92
					935	3
					106	7
					8,273	3
					1,346	148
					2,575	1,984
					370	1,005
					(186)	42
					(623)	186
					(145)	280
					7,18	120
					48,00	70
					8,78	168
					48,00	9
					8,78	44
					48,00	148
					8,78	1,005
					48,00	42
					8,78	186
					48,00	280
					8,78	120
					48,00	70
					8,78	168
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					48,00	9
					8,78	44
					48,00	148
					8,78	1,005
					48,00	42
					8,78	186
					48,00	280
					8,78	120
	</					



Affectation des fonds
Le total des fonds utilisés pendant l'année s'est élevé à \$ 847.3 millions, soit une augmentation de \$ 281.6 millions ou 49.8 pour cent par rapport aux fonds utilisés en 1982-1983.

La Société a enregistré une sortie nette de fonds de \$ 40.0 millions au titre de l'exploitation. Le déficit de caisse est le résultat d'une sortie excessive de liquidités sous forme d'intérêts et de dépenses administratives par rapport aux rentrées de liquidités sous forme d'intérêts et d'autres revenus. L'élément le plus important de ce déficit d'encaisse est l'augmentation de \$ 23.3 millions au titre des intérêts échus mais non payés par les agriculteurs.

Au cours de l'exercice, la Société a déboursé \$ 786.0 millions en prêts nets aux agriculteurs, ce qui représente une augmentation de \$ 253.2 millions par rapport aux \$ 532.8 millions déboursés au cours de l'exercice précédent. Ces déboursés nets de prêts, auxquels s'ajoutent les \$ 21.0 millions en prêts actifs refinancés, ont fait passer le déboursément brut total de l'année à \$ 807.0 millions.

Portefeuille des prêts à recevoir
Le portefeuille de prêts de la Société (voir le tableau 5) se compose de 80,112 comptes qui totalisaient \$ 4.9 milliards au 31 mars 1984 (voir note 3 des États financiers). Ce total comprend \$ 13.8 millions détenus en vertu de la Loi sur le crédit aux syndicats agricoles, et \$ 352.1 millions détenus en vertu du Programme spécial d'aide financière à l'agriculture. Ce portefeuille comprend également 317 comptes qui représentent \$ 18.7 millions provenant de la vente de biens immobiliers. Dans le cadre d'une entente conclue avec Agriculture Canada, la Société administre également 434 comptes, totalisant \$ 6.2 millions, dans le cadre du Plan de transfert des terres, un élément du Programme d'Agriculture Canada qui a pris fin le 31 mars 1979.

Tableau 4
Provisions (bilan et états financiers) pour créances douteuses (\$ millions)

	83-84	82-83	81-82	80-81	79-80
Provision (bilan) pour créances douteuses	34.7	11.0	5.3	3.1	2.0
Pertes réelles sur les prêts et dévaluations des propriétés acquises pendant l'année	(13.7)	(8.1)	(3.0)	(1.5)	(.9)
Provision estimative (bilan) requise en fin d'année	86.7	34.7	11.0	5.3	3.1
Provision (états financiers) pour créances douteuses (dépendances)	65.7	31.8	8.7	3.7	2.0
	21.0	2.9	2.3	1.6	1.1

Provisions pour créances douteuses
Les taux d'intérêt élevés, le fléchissement du prix des denrées et la baisse de la valeur des terres exposent la Société à de plus lourdes pertes que par le passé. Ces facteurs se sont traduits par une augmentation sensible de la « Provision pour créances douteuses » (bilan) au cours de chacun des deux derniers exercices de la Société, et ont donné lieu à une augmentation correspondante de la « Provision pour créances douteuses » (états financiers) imputée à l'exploitation en 1982-1983 et 1983-1984 (voir le tableau 4).

Résultats d'exploitation

La Société a subi une perte nette de \$ 56.7 millions au cours de l'année, comparativement à une perte de \$ 13.2 millions l'année précédente. Cette perte est principalement attribuable aux augmentations de la provision pour créances douteuses (voir le tableau 4). Il est à noter que les principaux facteurs d'exploitation qui ont contribué à la perte fluctuent en fonction de l'économie.

Les revenus d'intérêt se sont élevés à \$ 487.3 millions, en augmentation de 22.6 pour cent par rapport à l'année précédente. Les dépenses d'intérêts ont été de \$ 445.8 millions, en augmentation de 22.7 pour cent.

Les dépenses administratives se sont chiffrées à \$ 31.6 millions, soit une augmentation de \$ 3.4 millions. Cette augmentation comprend \$ 2.4 millions en salaires et avantages sociaux.

La perte de la Société pour l'exercice, poste extraordinaire non compris, s'est élevée à \$ 53.3 millions. Au 31 mars 1984, la Société a établi qu'il n'était plus opportun de comptabiliser les avantages fiscaux potentiels liés aux reports de pertes aux fins fiscales à des fins comptables. En conséquence, un montant de \$ 3.3 millions en réductions fiscales potentielles, consigné comme un actif au 31 mars 1983, a été radié cette année à titre de poste extraordinaire.

Provenance des fonds

Depuis la fondation de la Société en 1959, le gouvernement est sa principale source de fonds, grâce au capital d'apport qu'il y injecte d'année en année et aux prêts à long terme qu'il lui consent sur le Fonds du revenu consolidé. En 1982, le gouvernement modifiait la Loi sur le crédit agricole afin de conférer à la Société le pouvoir d'emprunter, avec l'approbation du Ministre des Finances, de sources autres que le Fonds du revenu consolidé. C'est ainsi qu'en 1983-1984, la Société a emprunté au moyen d'émissions publiques sur les marchés internationaux de capitaux, et d'un placement privé qu'elle a effectué au Canada afin de suppléer à ses emprunts sur le FRC.

Les obligations émises aux fins des emprunts engagent et lient le Canada, et constituent des obligations directes garanties inconditionnellement par le Canada.

Au cours de l'exercice, le gouvernement a versé \$ 23.9 millions à titre de capital d'apport en vertu de l'article 12 de la Loi sur le crédit agricole. Les emprunts bruts sur le FRC se sont chiffrés à \$ 618.3 millions et les remboursements ont atteint \$ 264.0 millions, se traduisant par des emprunts nets sur le FRC de \$ 354.3 millions comparativement à \$ 371.3 millions en 1982-1983. De plus, le produit des quatre émissions d'obligations a totalisé \$ 249.8 millions.

Au cours de l'exercice, la Société a reçu de ses emprunteurs des remboursements totalisant \$ 230.0 millions, soit 72.8 pour cent de plus que les \$ 133.1 millions reçus pendant l'exercice précédent. Les remboursements par anticipation, par les agriculteurs, de prêts à taux d'intérêt supérieur à 12.7/8 pour cent, qui sont compris dans cette somme, représentaient \$ 91.4 millions.





Emprunts sur les marchés de capitaux et monétaires

Au cours de l'exercice, la Société a mené à terme trois émissions publiques et une émission privée d'obligations sur les marchés internationaux et interne de capitaux. Elle a ainsi levé des fonds totalisant \$249,8 millions. Ces émissions étaient de :

- \$ 75 millions en dollars canadiens
billets à 12-1/4% ;
échéance : 30 septembre 1990
- \$ 25 millions en dollars canadiens
billets à 12% ;
échéance : 11 octobre 1993
- \$ 75 millions en dollars U.S.
billets à 11-5/8% ;
échéance : 28 octobre 1993
- 100 millions en francs suisses
obligations à 5-3/8% ;
échéance : 6 janvier 1994

Les fonds levés au moyen des deux émissions en devises étrangères, et les obligations de remboursement qui s'y rattachent, ont été convertis en monnaie canadienne par le biais d'ententes de conversion des taux d'intérêt et de la monnaie, qui ont été négociées au moment de la vente des obligations. Ces ententes, qui visent à éliminer les risques associés à la fluctuation du taux de change du dollar canadien pendant la durée de ces emprunts, ont porté les coûts en dollars canadiens à environ 12 pour cent.

Le placement privé effectué au Canada par la Société l'a été par l'intermédiaire d'un courtier canadien en investissements. Par contre, les émissions publiques ont été garanties par un syndicat de courtiers en investissements et de banques. Le coût global que la Société a pu obtenir pour toutes les émissions s'explique par son statut de mandataire de la Couronne et par l'intérêt que les milieux internationaux portent au secteur agricole canadien.

En octobre 1982, le Ministre des Finances autorisait la Société à émettre et à vendre des billets à ordre non garantis, sous réserve que le total du principal en cours de ces billets n'excède jamais \$ 75 millions. Au cours de l'exercice clos le 31 mars 1984, le Ministre a approuvé une augmentation de cette limite, la faisant passer de \$ 75 millions à \$ 150 millions. Ce mécanisme d'emprunt sur le marché monétaire, allié à une marge de crédit accordée par une banque à charte canadienne, a assuré à la Société une plus grande souplesse pour la gestion de son encaisse.

Taux d'intérêt

Les taux d'intérêt ont été généralement plus stables pendant l'exercice 1983-1984 qu'au cours des exercices précédents. Le 1^{er} avril 1983, le taux de prêt de la SCA sur ses hypothèques à terme de 10 ans était fixé à 12-3/4 pour cent. Le 20 août, il était porté à 13-1/2 pour cent, et le 22 novembre, il était ramené à 13 pour cent. Il est resté à ce niveau pendant le reste de l'exercice.

En décembre 1983, le Règlement sur les taux d'intérêt de la Loi sur le crédit agricole était annulé. Depuis cette date, le taux d'intérêt est fixé par décret du conseil.

Le taux relatif aux prêts de la Loi sur le crédit aux syndicats agricoles a été fixé à 11-1/2 pour cent le 1^{er} avril 1983. Six mois plus tard, il était porté à 12 pour cent, et il est demeuré à ce niveau pendant le reste de l'exercice.

À la suite d'ententes conclues juste après la fin de l'exercice, le taux des prêts en vertu de la Loi sur le crédit aux syndicats agricoles sera dorénavant modifié par décret du conseil, tout comme celui des prêts en vertu de la Loi sur le crédit agricole.

Prêts approuvés par province

1983-84			1982-83		
Montant Net (\$ 000)		Nombre	Montant Net (\$ 000)		Nombre

1) Programme ordinaire

Colombie-Britannique	144	19,702	161	21,185
Alberta	880	122,155	862	104,153
Saskatchewan	2,075	248,668	1,605	170,444
Manitoba	366	40,024	444	40,715
Ontario	1,010	128,243	950	100,296
Québec	203	16,592	362	27,117
Nouveau-Brunswick	44	3,441	75	4,747
Nouvelle-Écosse	7	290	5	169
Ile-de-Prince-Édouard	37	2,958	66	3,837
Terre-Neuve	9	662	13	1,195
Canada	4,775	582,734	4,543	473,858

2) Programme spécial d'aide financière à l'agriculture

Colombie-Britannique	42	12,726	51	11,834
Alberta	84	20,480	75	16,266
Saskatchewan	123	25,854	128	19,944
Manitoba	131	23,263	101	13,087
Ontario	389	74,330	413	60,470
Québec	154	15,022	152	14,809
Nouveau-Brunswick	6	369	10	856
Nouvelle-Écosse	4	204	1	53
Ile-de-Prince-Édouard	26	2,902	28	2,635
Terre-Neuve	4	258	7	558
Canada	963	175,408	966	140,512
TOTAL	5,738	758,142	5,509	614,370

Assurance-vie
La SCA met un régime collectif d'assurance-vie à la disposition de ses emprunteurs afin de les inciter à réduire les risques d'exploitation. Elle suit constamment l'évolution du marché pour assurer à ses emprunteurs la prime la plus faible possible. Au cours de l'exercice financier 1983-1984, 87 pour cent des prêts approuvés étaient couverts en partie ou en totalité par une police d'assurance-vie dans le cadre de ce régime.

Administration des prêts

Au cours de l'exercice 1983-84, les arrérages des agriculteurs auprès de la Société ont augmenté sensiblement. Leur volume a augmenté de 40.1 pour cent, atteignant \$ 107.0 millions par rapport à \$ 76.4 millions l'année précédente. Le pourcentage des comptes en règle (arrérages inférieurs à \$ 500) s'établissait à 87.6 pour cent au 31 mars 1984, comparativement à 89.0 pour cent l'année précédente.

Le problème des arrérages ne se résorbera pas avant quelques années. La Société s'efforce, par le biais de son programme de services consultatifs, d'identifier les comptes susceptibles d'être en difficulté et d'explorer les solutions possibles avec les emprunteurs avant que leurs arrérages ne deviennent excessifs. La Société a également effectué une étude des arrérages qui l'amènera à modifier sa politique de recouvrement de manière à mieux répondre à ses besoins et à ceux de ses emprunteurs.

Biens immobiliers et pertes sur les prêts
La Société est devenue propriétaire de 130 propriétés au cours de cet exercice, comparativement à 91 l'an dernier. Dans 48 cas, l'emprunteur a fait à la Société une dation en paiement afin qu'elle reprenne la propriété et annule les obligations hypothécaires.

La Société a vendu 82 propriétés pendant l'exercice et en détenait encore 130 en fin d'année. La valeur aux livres des propriétés en main était de \$ 14.3 millions au 31 mars 1984. Quelques 60 propriétés ont également été vendues en vertu du pouvoir de vente, donc sans que la Société n'entre en possession des titres.

On a assisté à une augmentation des pertes nettes et des dévaluations des propriétés vendues ou en main à la fin de l'exercice. Celles-ci se sont élevées à \$ 13.7 millions, comparativement à \$ 8.1 millions en 1982-1983. Cela s'explique par la faible demande pour les propriétés agricoles et par les bas revenus agricoles. Toutefois, les pertes de cette année représentent seulement 0.3 pour cent du portefeuille total des prêts à recevoir au 31 mars 1984.

Une analyse des propriétés agricoles reprises par la Société ou vendues en vertu du pouvoir de vente révèle que 31 pour cent d'entre elles étaient des élevages de porcs, 10 pour cent des élevages de bœuf, 40 pour cent des entreprises de grandes cultures, et 11 pour cent des entreprises laitières.

Opérations en vertu de la Loi sur le crédit aux syndicats agricoles

La Société a approuvé, en 1983-1984, 92 prêts représentant \$ 2.9 millions sous le régime de la Loi sur le crédit aux syndicats agricoles. Un syndicat est un groupe de trois personnes ou plus, pour la majorité desquelles l'agriculture est la principale occupation. Bien que le montant approuvé en vertu de cette loi soit modeste, celle-ci répond à un besoin véritable en fournissant du crédit à des groupes d'agriculteurs qui partagent l'achat et l'utilisation de machines agricoles, de bâtiments de ferme et d'équipement fixe.





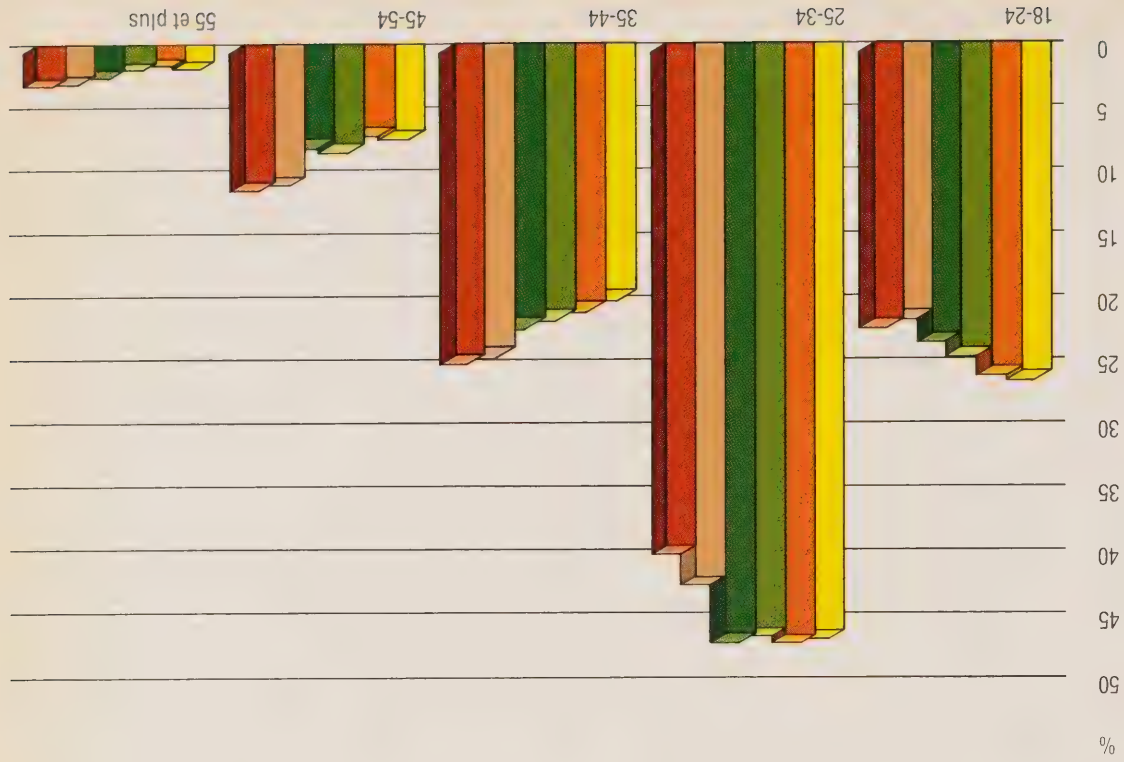
Le ratio moyen prêt/garantie de .68 des prêts approuvés en 1983-1984 met en évidence le risque auquel s'expose la SCA en prêtant en priorité aux agriculteurs qui possèdent un avoir net moindre. Le volume de prêts aux jeunes agriculteurs possédant de faibles ressources et la conjoncture économique difficile, sont à l'origine de ce ratio prêt/garantie que l'on considère élevé pour l'agriculture. Les agriculteurs âgés de moins de 35 ans continuent de se partager la majeure partie des prêts de la Société, avec 61.6 pour cent du total approuvé (voir le graphique 1).

Gestion financière agricole

La Société a porté une attention spéciale à son programme de services consultatifs en cette période difficile pour l'agriculture. Tous les agriculteurs qui s'adressent à elle, et tous

ses emprunteurs, ont accès à des conseils préliminaires aux prêts, et à de l'aide en matière de planification, d'aménagement et de développement de l'entreprise agricole. La Société fournit des services consultatifs à tous ses emprunteurs, nouveaux ou non. La participation au programme est facultative, sauf pour les emprunteurs du Programme spécial d'aide financière à l'agriculture. À la fin de l'exercice, 4,298 exploitations agricoles étaient inscrites à ce service. Le personnel de la Société maintient également des rapports suivis avec les autres organismes fédéraux et provinciaux à caractère agricole, et leur réfère les emprunteurs et demandeurs qui ont besoin de leurs services.

Graphique 1
Répartition selon l'âge des emprunteurs
en vertu de la Loi sur le crédit agricole



But des prêts

Pour la deuxième année consécutive, plus de 50 pour cent des prêts de la Société ont servi à rembourser des dettes hypothécaires et autres. Cela s'explique en partie par la proportion élevée des fonds qui a été affectée au Programme spécial d'aide financière à l'agriculture. Une autre explication serait que la Société représente généralement le dernier recours pour les agriculteurs qui éprouvent des problèmes de liquidités (voir le tableau 1).

Tableau 1

Buts des prêts approuvés	
1983-84	1982-83
pour cent	pour cent

Remboursement de dettes hypothécaires	23.5	20.5
Remboursement d'autres dettes	27.2	30.6
Terres additionnelles	19.7	17.1
Nouvelles unités	17.3	18.3
Améliorations permanentes	5.9	7.3
Équipement	1.2	1.6
Bétail	1.0	1.6
Divers	4.2	3.0

Caractéristiques des emprunteurs

Ces dernières années, la Société du crédit agricole a offert ses services en priorité aux agriculteurs qui ne pouvaient emprunter auprès des prêteurs commerciaux. L'avoir net de ses emprunteurs s'est établi à un peu moins de 50 pour cent pour l'ensemble des prêts qu'elle a consentis. L'avoir net moyen des emprunteurs dans le cadre du Programme spécial d'aide financière à l'agriculture était cependant plus faible, s'établissant à 34.3 pour cent.

Cette année, l'actif moyen de ses emprunteurs était de \$497,990. Ce chiffre met en relief les besoins élevés en crédit des agriculteurs. Comme l'industrie agricole doit de plus en plus avoir recours aux capitaux et que la superficie moyenne des fermes augmente, les agriculteurs doivent de plus en plus emprunter pour financer leurs opérations (voir le tableau 2).

Tableau 2

Caractéristiques financières des exploitations agricoles ayant bénéficié d'un prêt de la SCA en 1983-1984

Moyenne	Actif total	\$497,990
	Pourcentage d'avoir net	48.9
	Prêt approuvé	\$135,763
	Ratio prêt/garantie	.68

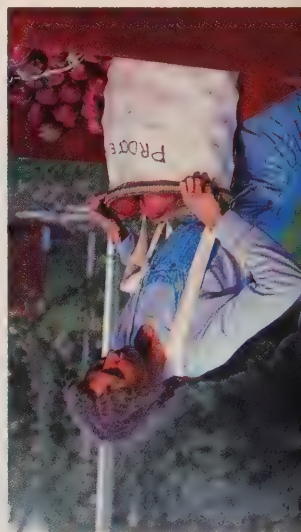


Approbations de prêts

La Société a approuvé 5,738 prêts en 1983-1984, pour un montant net de \$ 758.1 millions, sous le régime de la Loi sur le crédit agricole. Pour établir le montant net des approbations, on soustrait le refinancement des prêts SCA actifs. Le nombre total des prêts approuvés comprend 199 prêts totalisant \$ 19.6 millions qui ont été approuvés en vertu de l'article 33, et 963 prêts représentant \$ 175.4 millions qui ont été approuvés dans le cadre du Programme spécial d'aide financière à l'agriculture. Le nombre de prêts approuvés a augmenté de 4.2 pour cent par rapport à l'exercice précédent. Le prêt moyen s'établissait à \$ 135,763 comparativement à \$ 115,369 en 1982-1983. Cette augmentation de 17.7 pour cent du montant du prêt montre qu'un grand nombre d'agriculteurs ont du refinancer des dettes plus élevées pour atténuer les pressions qui s'exerçaient sur le flux monétaire de leur entreprise.

Opérations en vertu de la Loi sur le crédit agricole
La Loi sur le crédit agricole permet de prêter aux agriculteurs qui ne peuvent emprunter auprès d'autres prêteurs. Il existe trois types de prêts :

- Les prêts agricoles ordinaires — Les demandeurs doivent, dès l'obtention du prêt, faire de l'agriculture leur activité principale;
- Les prêts aux agriculteurs débutants (Article 33) — Les demandeurs peuvent conserver leur emploi à l'extérieur de la ferme pendant qu'ils mettent sur pied une entreprise agricole rentable, pourvu qu'ils fassent de l'agriculture leur activité principale dans les cinq ans suivant l'obtention du prêt;
- Les prêts spéciaux consentis aux agriculteurs en sérieuse difficulté financière (Programme spécial d'aide financière à l'agriculture) — Les demandeurs doivent démontrer que la survie de leur entreprise agricole dépend d'un prêt spécial et de la réduction du taux d'intérêt. Les activités de prêts en vertu de ce programme se poursuivront jusqu'au 27 juin 1984.





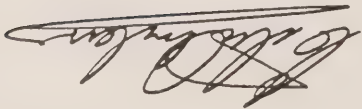
Cette année, la Société a mené à terme un deuxième sondage financier auprès des agriculteurs canadiens. Le premier sondage datait de 1981. Les analyses devraient être achevées en août 1984 et fournir des renseignements utiles aux concepteurs de politiques et aux prêteurs agricoles.

Perspectives pour 1984-1985

L'agriculture canadienne continuera de se relever lentement de la récession. On prévoit qu'en 1984-1985, le revenu agricole augmentera d'environ six pour cent par rapport à l'exercice précédent. On estime que les augmentations du prix des produits agricoles seront contenues par la concurrence que se livrent les pays exportateurs, par les certaines mesures protectionnistes et par les difficultés économiques qu'éprouvent certains pays importateurs. Ces facteurs, alliés à la dette agricole plus élevée et à l'incertitude qui entoure les taux d'intérêt, pourraient faire fléchir la demande pour du crédit d'investissement et ainsi, ralentir la demande auprès de la SCA.

L'avenir de l'agriculture canadienne est jalonné de défis sans précédent. À titre de prêteur, la Société doit faire preuve de souplesse et d'innovation dans ses programmes afin d'aider le secteur agricole à jeter les bases nécessaires à la croissance des exploitations agricoles. La Société du crédit agricole possède les ressources humaines, financières et technologiques nécessaires pour relever ce grand défi.

Le Président



Eliv H. Anderson

La Société prépare également des modifications à la Loi sur le crédit agricole et à la Loi sur le crédit aux syndicats agricoles. Les modifications qu'elle proposera à la première augmentent le capital qui lui est consenti et assoupliront les modalités administratives. Quant aux modifications qu'elle propose à la Loi sur le crédit aux syndicats agricoles, elles visent à mieux adapter ce programme aux besoins actuels.

Au chapitre de l'élaboration de nouvelles politiques, la Société continuera d'évaluer les divers moyens qui lui permettraient d'améliorer ses services aux agriculteurs. En 1983-1984, elle a lancé des hypothèques à terme de 10 ans. À compter d'avril 1984, elle offrira aux agriculteurs des hypothèques à termes de 20, 10 et 5 ans.



Le volume élevé de production pour la plupart des denrées agricoles a été un des points forts de l'économie agricole en 1983. La stabilisation des taux d'intérêt à des niveaux moins élevés a aussi été un fait marquant positif. Toutefois, comme on s'y attendait, les agriculteurs canadiens n'ont pu se mettre à l'abri de la conjoncture économique difficile qui prévaut dans le monde.

La faible augmentation du prix de certaines denrées n'a pas suffi à compenser complètement la hausse du loyer de l'argent et des dépenses d'exploitation. En 1983, les recettes monétaires agricoles ont totalisé \$ 18,9 milliards, soit à peu près l'équivalent des recettes de 1982. Le revenu agricole net réel a cependant fléchi, passant de \$ 3,7 à \$ 3,6 milliards. La baisse s'est produite principalement au Québec, en Saskatchewan et en Colombie-Britannique.

Même si la baisse des revenus agricoles a été très faible dans l'ensemble de l'industrie agricole, celle-ci s'est surtout manifestée dans trois provinces et dans des secteurs spécialisés, exerçant de fortes pressions financières sur certains agriculteurs. C'est ainsi que le nombre de faillites agricoles a augmenté, passant de 410 en 1982 à 488 en 1983.

L'augmentation du nombre d'échecs agricoles et la lente reprise prévue en agriculture ont entraîné une chute du prix des terres qui a même atteint 50 pour cent par rapport à 1981 dans certaines régions.

Crédit accordé et en cours

On estime que l'ensemble des prêteurs agricoles ont accordé des crédits totalisant \$ 10 milliards en 1983, soit à peu près autant qu'en 1982. L'encours de crédit est passé de \$ 18,4 milliards en 1981 à \$ 20,2 milliards en 1982. Une analyse préliminaire indique que le crédit agricole total en cours s'établissait à près de \$ 21,6 milliards à la fin de 1983. Une bonne partie de ce crédit a servi à la restructuration de dettes, devenue nécessaire pour freiner les pressions qui s'exerçaient sur le flux monétaire des entreprises agricoles.

Synthèse des activités de la SCA

Le grand nombre de prêts approuvés au début de l'exercice 1983-1984 avait épuisé, dès la mi-juin 1983, les capitaux alloués à la SCA sur le Fonds du revenu consolidé. Comme plusieurs questions de politique n'avaient pas encore fait l'objet d'une décision, notamment le volume des emprunts sur les marchés financiers, la SCA a dû des lors arrêter les approbations de prêts. Ces problèmes ont été réglés en août 1983, mais la demande en crédit, dans le cadre des programmes de la SCA, avait alors sensiblement diminué à cause des conditions du marché.

Comme en 1982-1983, la majorité des prêts approuvés cette année ont servi à la consolidation et à la restructuration des dettes. Sur les \$ 758,1 millions en prêts approuvés, 50,7 pour cent ont servi à la consolidation des dettes. Cette somme comprend \$ 175,4 millions en prêts en vertu du Programme spécial d'aide financière à l'agriculture, aux termes duquel les agriculteurs bénéficient d'une remise d'intérêt de quatre pour cent pendant deux ans.

Les difficultés du secteur agricole ont rejallé sur les résultats financiers de la Société. La Société a établi une provision pour créances douteuses de \$ 65,7 millions cette année, comparativement à la provision de \$ 31,8 millions en 1982-1983. Cette provision est la principale cause à l'origine de la perte de \$ 56,7 millions enregistrée cette année.

La Société continue de collaborer étroitement avec les gouvernements provinciaux et les établissements commerciaux de crédit afin d'offrir aux agriculteurs des programmes globaux qui répondent à leurs besoins. En plus de participer à des ententes avec les provinces une collaboration constante avec les agriculteurs Programme ontarien d'aide aux agriculteurs débutants. Cette collaboration permet aux gouvernements fédéral et provinciaux de s'adapter plus rapidement à l'évolution des besoins régionaux en crédit des agriculteurs canadiens.

Lettre au Ministre

L'honorable Eugene F. Whelan, C.P., député
Ministre de l'Agriculture
Pièce 101 B.E.
Chambre des communes
Ottawa (Ontario)
K1A 0A6

Monsieur le Ministre,

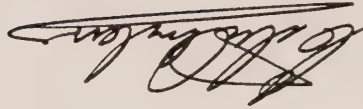
J'ai l'honneur de vous soumettre le Rapport annuel de la Société du crédit agricole pour l'exercice financier terminé le 31 mars 1984.

L'importance de la Société du crédit agricole pour le Canada en tant que prêteur agricole n'a jamais été aussi évidente que cette année. En effet, la Société a consenti un nombre record de 5,738 prêts totalisant \$ 758.1 millions.

Conformément à notre mandat, les fonds ont été octroyés aux agriculteurs qui ne pouvaient obtenir de crédit à des conditions acceptables auprès d'autres prêteurs. Un grand nombre de nos prêts se situent donc dans les catégories à risque élevé. Ce facteur, ainsi que la conjoncture économique difficile qui persiste dans le secteur agricole, ont incité la Société à accroître prudemment sa provision pour créances douteuses imputée aux dépenses de l'année courante. Cette augmentation est la principale cause de la perte de \$ 56.7 millions indiquée dans les comptes de la Société.

Je profite de l'occasion pour vous remercier, ainsi que vos collègues du Cabinet, de l'appui sans réserve que vous n'avez cessé d'accorder à la Société du crédit agricole afin qu'elle puisse remplir son rôle et demeurer l'un des principaux prêteurs agricoles du Canada.

Le Président



Eiliv H. Anderson



L'honorable Eugene F. Whelan,
Ministre de l'Agriculture





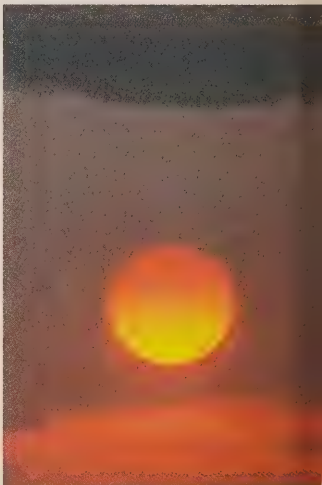
Faits saillants

1982-83		1983-84		1982-83	
Nombre de prêts approuvés		Loi sur le crédit agricole (y compris le programme spécial)		Loi sur le crédit aux syndicats agricoles	
5,509		92		84	
Montant net des prêts approuvés (\$ 000)		Loi sur le crédit agricole (y compris le programme spécial)		Loi sur le crédit aux syndicats agricoles	
\$ 614,370		\$ 758,142		\$ 2,855	
\$ 2,289		Loi sur le crédit agricole (y compris le programme spécial)		Loi sur le crédit aux syndicats agricoles	
\$ 115,369		\$ 135,763		\$ 115,369	
Montant moyen des prêts		Loi sur le crédit agricole (y compris le programme spécial)		Loi sur le crédit aux syndicats agricoles	
77,609		80,112		\$4,291,462	
Portefeuille des prêts à recevoir		Nombre de prêts à recevoir		Montant des prêts à recevoir (\$ 000)	
1982-83		1983-84		1982-83	
Résultats d'exploitation		Revenus d'intérêt		Revenus d'intérêt nets	
397,419		487,260		41,440	
34,036		56,714		Perte nette pour l'exercice	
13,208		628,833		Capital et emprunts nets	
449,448		230,024		Remboursements par les agriculteurs	
Provenance des fonds		Débourssements aux agriculteurs		Affectation des fonds	
133,114		786,032		Exploitation	
29,901		40,047		532,771	



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Profil de la Société

La Société du crédit agricole (SCA) est un organisme de la Couronne qui a été fondé en 1959 et qui est redevable au Parlement par l'intermédiaire du Ministre de l'Agriculture. Son rôle est d'offrir des services financiers aux agriculteurs canadiens afin de les aider à établir, aménager et maintenir des exploitations agricoles rentables.

La Société consent des prêts agricoles sous le régime de la Loi sur le crédit agricole et de la Loi sur le crédit aux syndicats agricoles. La Loi sur le crédit agricole régit le programme principal de prêt de la SCA et le Programme spécial d'aide financière à l'agriculture. L'objectif de la Loi sur le crédit aux syndicats agricoles est de prêter à des groupes ou « syndicats » d'agriculteurs qui mettent leurs ressources en commun pour partager les frais d'achat et d'utilisation de machines aratoires, de bâtiments agricoles et d'équipement fixe.

De plus, la SCA offre à tous les agriculteurs qui s'adressent à elle et à tous ses emprunteurs, des conseils et de l'aide pour la planification, l'aménagement et le développement de leur exploitation. Le Siège social de la SCA se trouve à Ottawa. Ses activités, très décentralisées, sont réparties entre sept bureaux régionaux et 104 bureaux de campagne établis dans toutes les régions agricoles du Canada. Au 31 mars 1984, l'effectif permanent de la SCA se composait de 614 personnes.

Adresse du Siège social
Société du crédit agricole
434, rue Queen
Case postale 2314, succursale postale D
Ottawa (Ontario)
K1P 6J9



Rapport annuel 1983-1984



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Farm Credit Corporation
Canada

Société du crédit agricole
Canada

Compensation
Publications

ANNUAL REPORT 1984/85



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Head Office Address

Farm Credit Corporation
434 Queen Street
Ottawa, Ontario
K1P 6J9

*Le Rapport annuel est aussi disponible
en français.*



CORPORATE PROFILE

Farm Credit Corporation (FCC) was established in 1959 as a Crown agency reporting to Parliament through the Minister of Agriculture. Its role is to provide financial services to enable Canadian farmers to establish, develop and maintain viable farm enterprises.

The Corporation makes and administers farm loans under the authority of the Farm Credit Act and the Farm Syndicates Credit Act. The Farm Credit Act encompasses FCC's main lending program and the Special Farm Financial Assistance Program. The Farm Syndicates Credit Act provides for loans to groups or "syndicates" of farmers organized to share in the purchase and use of farm machinery, buildings and equipment.

In addition, counselling and assistance in the planning, organization and development of farm businesses are available to all applicants and borrowers.

The Corporation's head office is located in Ottawa. Its operations are decentralized into seven regional offices and 104 field offices serving all agricultural areas. As of March 31, 1985, FCC's total permanent staff was made up of 579 employees.



More than 50 per cent of 1984-85 loans went to establish beginning farmers or to buy additional land.



LETTER OF TRANSMITTAL

3

The Honourable John Wise, P.C., M.P.
Minister of Agriculture
Room 101 E.B.
House of Commons
Ottawa, Ontario
K1A 0A6

The Honourable Robert R. de Cotret, P.C., M.P.
President of the Treasury Board
Room 333 W.B.
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Ministers:

It is a pleasure for me to submit Farm Credit Corporation's 25th anniversary annual report for the fiscal year ended March 31, 1985.

The past year will be remembered as a year of adaptation for the Corporation and the farm sector. It will be remembered, too, as a year in which the federal government and other farm lenders responded to the financial difficulties being faced by some farmers and took initiatives to strengthen individual farm situations.

I am pleased that Farm Credit Corporation was able to make the necessary adjustments to its programs and policies to meet the needs of farm borrowers.

Yours sincerely,



Eiliv H. Anderson
Chairman

HIGHLIGHTS

Operational	1984-85	19
<i>Number of loans approved</i>		
Farm Credit Act (including special program)	2,316	
Farm Syndicates Credit Act	63	
<i>Amount of loans approved – net (\$000)</i>		
Farm Credit Act (including special program)	\$ 258,748	\$ 75
Farm Syndicates Credit Act	\$ 1,584	\$
<i>Average size of loans</i>		
Farm Credit Act (including special program)	\$ 116,123	\$ 13
<i>Loans receivable portfolio</i>		
Number of loans receivable	79,270	8
Amount of loans receivable (\$000)	\$4,992,728	\$4,91
Financial	1984-85	19
	(\$000)	(
<i>Results of operations</i>		
Interest income	527,261	48
Net interest income	47,279	4
Loss for the year	30,178	5
<i>Funds available</i>		
Capital and net loans	93,451	62
Repayments by farmers	235,247	23
<i>Application of funds</i>		
Disbursements to farmers	258,193	78
Operations	65,434	4

While in the area, credit advisor Lorne Yeo drops in on Sarah and Bruce Mitham, dairy producers in New Brunswick.





Anderson,
Chairman and Chief
Executive Officer

The past year marked the 25th anniversary of Farm Credit Corporation. It was a year of change and adaptation and a year in which farm financing was the priority agenda item at most farm meetings, as well as at private and public sector agricultural conferences.

Many events took place that will contribute to the evolution of the farm credit market. The Federal-Provincial Task Force on Agricultural Finance reviewed farm credit issues, and developed a set of proposals to respond to the diverse financial needs of the farm sector. Agribonds and other farm tax issues were reviewed at various levels of government and attempts were made to encourage increased private sector involvement in financing

agriculture. A number of debt review boards or panels were established to assist farmers in difficulty to adjust to the realities of their individual situations. Federal and provincial governments took action to strengthen individual farm situations where weaknesses were created due to events beyond the farmer's control. Important contributions to agricultural finance were also made by commercial lenders through programs developed by them and through their participation in government programs.

FCC in Review

This year also marked the fourth year that Canadian agriculture continued to demonstrate its ability to adapt to the pressures created by high real interest rates, depressed prices of many farm commodities, and drought conditions in parts of western Canada. These conditions had an impact on the activities of government and the institutions serving the farm sector.

Throughout the year, the Corporation made adjustments to its programs and policies to more effectively meet the needs of farm borrowers. In April 1984, the Corporation began to offer mortgages with five, 10 and 20 year interest terms instead of loans with only a 10 year maturity. This flexibility allowed farmers to choose interest terms that were most suitable for their operations. The fact that almost three-quarters of the loans approved this year were for five year terms demonstrated a positive response to this flexibility. The Corporation also developed the Shared Risk Mortgage Program for introduction on April 1, 1985. This innovation, which facilitates the sharing of interest rate changes between FCC and the borrower, will provide farmers with additional flexibility in financing their farm operations.



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Jean-Guy Lavallée, credit advisor, discusses current trends in horticulture with greenhouse operator, Monique Campagna.

During the period of high interest rates from April 1, 1981 to December 8, 1982, FCC offered loans at interest rates between 14 and 16¾ per cent with terms of up to 30 years. The Corporation received authority this year to refinance its high interest rate borrowings, enabling it to convert farmers' high interest rate loans to five year terms at 12¾ per cent. About 6,000 farmers were eligible for this interest rate conversion.

The Minister of Agriculture asked the Corporation to suspend recovery actions between November 5, 1984 and January 15, 1985. This gave the new government time to review the financial problems being faced by farmers and determine what programs could be made available to offer reasonable solutions. On December 10, 1984, the Minister of Agriculture announced that FCC appeal boards, which are made up of practicing farmers, would be available to provide third-party analysis of FCC loans under foreclosure. FCC also participated in the Debt Review Board pilot project in the Ontario counties of Bruce and Grey. These initiatives were taken to assist farmers in adapting to financial pressures and changing economic conditions.

Although Farm Credit Corporation had access to resources to extend about \$825 million in loans, only 2,316 loans for \$258.7 million were approved. This level of demand is attributed to reduced farm income expectations, declining farm asset values and to generally high interest rates.

The Corporation's financial performance again reflected the difficult conditions in the farm sector. An increase in the provision for

loan losses resulted in a loss of \$30.2 million. This is a substantial reduction as compared to the loss of \$56.7 million for 1983-84.

Outlook for 1985-86

It is expected that Canadian agriculture will continue to experience the same type of structural adjustments which occurred in 1984-85. With no increase in farm income forecasted, some highly-leveraged farmers will require assistance through debt consolidation loans or government programs while others will have to scale down their operations. Such adjustments will maintain downward pressure on farm asset values but will also create opportunities for new entrants and farmers wishing to expand their operations.

The 1985 Farm Bill in the United States may result in reduced loan support prices for most farm commodities. This could, in turn, cause a reduction in prices for certain Canadian farm commodities. The Bill also advocates the bolstering of farm export promotion programs. This would make international markets more competitive for exporting countries such as Canada.

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Although the impact of the Bill will not be felt in 1985, it will set the tone for the farm sector for 1986 and beyond.

With reduced profit margins, farmers can be expected to be more cautious in their investments, and lenders will be more thorough in their analyses. Lenders, including FCC, will monitor accounts more closely. More intensive relationships with clients will develop. These relationships will require new skills and tools, with technology playing an important role.

Working closely with farmers, provincial lending agencies and the private sector, FCC will continue to evaluate ways of enhancing service to farmers.

The role of the Corporation in financing Canadian agriculture will be reviewed in 1985-86. With changes in the farm sector and the institutions that service it, there is a need to review FCC's role to determine how it can be more effective in extending capital to the farm sector.

On the occasion of the 25th anniversary of Farm Credit Corporation, I want to thank all employees for the positive way in which they have responded to the changes and challenges which FCC has experienced. Their commitment to Canadian agriculture and our clients is the strong foun-

dation upon which the Corporation is built. Their achievements in the last 25 years are recognized and very much appreciated.

Eiliv H. Anderson
Chairman

In response to the demand for more flexibility, FCC began offering 5, 10 and 20 year term mortgages and developed the Shared Risk Mortgage for introduction April 1, 1985.



Although difficulties in the farm sector continued during the year and Farm Credit Corporation's level of lending activity decreased, the Corporation was successful in achieving almost all of its stated objectives and goals for 1984-85. The following is a comparison of actual performance and results achieved during the year against the corresponding objectives and financial targets set out in the FCC 1984-85 Corporate Plan.

Objective 1:

To respond to the needs of clients in a professional and business-like manner.

Performance

In response to the problems created by high interest rates fixed for long periods of time, FCC began offering five, 10 and 20 year term mortgages.

Farm Credit Corporation was also able to facilitate the conversion of long-term high interest rate loans, approved between April 1, 1981 and December 8, 1982 at 14 to 16¾ per cent, to five year renewable mortgages at 12¾ per cent.

FCC continued to provide financial counselling services with emphasis on farmers adversely affected by current economic conditions.

To assist in program and policy development, Farm Credit Corporation completed a survey of Canadian farmers to obtain current information on the structure of the agricultural industry.

The Corporation continued with its program of staff development and increased the use of new office technology in an ongoing effort to provide timely and efficient service to farmers.

The Corporation developed the Shared Risk Mortgage Program for introduction on April 1, 1985.

The Corporation decided to delegate loan approval authority, for some categories of loans, to field offices effective April 1, 1985. This will improve the timeliness of service to farmers.

Objective 2:

To attract, maintain and motivate competent and innovative staff.

Performance

The Corporation continued to provide career development opportunities through internal promotion and through training in new office technology.

The Corporation adopted an affirmative action program as part of its human resources planning process.

Objective 3:

To improve decision support facilities.

Performance

The Corporation installed a forecasting and financial modelling software package.

FCC provided support for the development of a computer-based tool known as a 'Farm Financial Planner' to assist credit advisors in analyzing loan proposals.

FCC developed a human resources data base to provide support to the personnel management function.

An office automation study was completed during this year.

The Corporation installed a new general ledger and budget system which allows remote access. This system became operational at the beginning of the new fiscal year. Development of a financial/lending data base continued and implementation is scheduled for 1985-86.

Word processing facilities were enhanced throughout the organization, and micro-computers were tested and introduced in many locations.

Reviews were initiated that resulted in further decentralization of decision-making authority.



Training and development are corporate objectives at FCC. Quebec loan review officers, Laurent Duchesne, Antoine Bédard and Victor Doiron, participate in a seminar on appraisal values.

Objective 4:

To reduce the negative rate of return to approach breakeven for 1984-85. This objective was in keeping with the longer term objective to generate over time a return on contributed capital equivalent to the cost of borrowings from Canada.

Performance

Although results fell short of this objective, the 1984-85 fiscal year marked a turn-

around in what had been increasingly negative return on capital for the Corporation.

The rates of return below provide the results both including and excluding the Special Farm Financial Assistance Program (SFFAP). This program was introduced by the government in the federal budget in November 1981, to assist farmers in financial distress.

	1984-85	1983-84	1982-83	1981-82	1980-81
Excluding SFFAP	(7.63%)	(28.29%)	(7.95%)	2.54%	6.17%
Including SFFAP	(14.78%)	(30.00%)	(15.84%)		

Objective 5:

To reduce the loss before taxes to less than \$3 million, from \$53 million in 1983-84.

Performance

Although the loss was reduced significantly, reduced lending activity, the requirement for an increase in the provision for loan losses prevented FCC from achieving this objective.

	1984-85	1983-84	1982-83	1981-82	1980-81
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Excluding SFFAP	(\$14,552)	(\$47,414)	(\$11,917)	\$3,461	\$7,141
Including SFFAP	(\$30,178)	(\$53,395)	(\$24,459)		

Objective 6:	Performance
To limit net administrative expenses (excluding the provision for loan losses) expressed in relation to the average loans receivable outstanding to 0.75 per cent or less.	The Corporation was able to exceed its objective by closely monitoring administrative expenditures.

1984-85	1983-84	1982-83	1981-82	1980-81
0.70%	0.73%	0.74%	0.70%	0.67%

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**Objective 1:
Financial Services**

To increase emphasis on the development of financial services to meet the needs of Canadian farmers.

**Objective 2:
Employee Commitment**

To attract, maintain and motivate competent and innovative staff.

**Objective 3:
Decision Support**

To improve decision support facilities by continued emphasis on new office technology.

**Objective 4:
Operating Performance**

To reduce operating losses before taxes from \$30.2 million in 1984-85 to \$6.2 million in 1985-86.

**Objective 5:
Administrative Expenses**

To limit administrative expenses to .75 per cent of average outstanding loans receivable.

**Objective 6:
Loan Portfolio Management**

To reduce the loan loss factor to four per cent for loans approved in 1985-86 from 4.5 per cent for those approved in 1984-85.

Knowing the going price for used farm machinery serves as a benchmark in appraising assets. Credit advisors like Janet Bysterveldt attend auctions to gather some of this data.





Appraisal involves assessment of a farm's production potential under the applicant's management. Credit officer Raoul Joncas inspects Andrew Jones' dairy operation.

Operations under the Farm Credit Act

Under the Farm Credit Act, three types of loans are offered.

- (1) Standard farm loans where applicants must be principally occupied in farming after the loan is made.
- (2) Loans to beginning farmers (Section 33) where applicants may retain off-farm employment while developing an economic farm business, providing that farming becomes their principal occupation within five years.
- (3) Special loans to farmers in financial difficulty (Special Farm Financial Assistance Program) where applicants must show that the special loan and the four per cent interest rebate for two years are essential for the survival of the farm business. Lending under this program terminated June 27, 1984.

Under these programs, farmers were given the choice of five, 10 or 20 year fixed-interest terms. Loans could be amortized over a period of up to 30 years.

Loan Approvals

The number of loans approved decreased by 59.6 per cent this year over last year. Under the Farm Credit Act, 2,316 loans were approved in 1984-85 for a net amount of \$258.7 million. The net amount excludes the refinancing of existing FCC loans. Only 38 loans valued at \$5.7 million were approved under the Special Farm Financial Assistance Program this year because most of the funds were committed in the previous year. Under Section 33, 90 loans were approved for \$7.265 million. The total number of loans approved decreased by 54.8 per cent over the previous year. The average size of loan was \$116,123 compared to \$135,763 in 1983-84. This 14.5 per cent decrease in the size of loans reflects the decline in land values and farm assets.

Purpose of Loans

A lower proportion of FCC loans was used to repay debts this year than in 1983-84. This is partially explained by the phasing out of the Special Farm Financial Assistance Program, but it is also the result of a saturation in the demand for debt refinancing. More than 50 per cent of loans went to establish beginning farmers or to buy

FCC provided advisory services to 3,424 farm operators across Canada to assist them in achieving their economic and personal goals.



additional land. Although these percentages are more in line with historic figures, the amounts loaned were small (see Table 1).

Characteristics of Borrowers

The equity level of FCC borrowers averaged 51.2 per cent in 1984-85, up slightly from the previous year. Under deteriorating economic conditions which limit farmers' ability to repay debts, higher levels of equity are required for farm operations to remain viable.

The average asset level of FCC borrowers decreased to \$487,749 from \$497,990 a year ago. This was attributable to fewer high-debt farmers seeking refinancing and to reduced land values. In addition, beginning and expanding farmers normally have a smaller asset base (see Table 2).

The average loan-to-security ratio improved in 1984-85, decreasing from .68 to .64. This ratio illustrates the amount of assets pledged as security for a loan. A loan-to-security ratio of .64 represents \$1.56 of assets pledged for every dollar loaned out. Eighty-two per cent of the loans approved in 1984-85 were secured by a first mortgage or a mortgage subsequent to a prior FCC mortgage. Loans to assist farmers under 35 years of age continue to account for the greatest percentage of the Corporation's loans, with 67.8 per cent going to this age group.

Farm Financial Management

Advisory services are provided by the Corporation on a voluntary basis to new or existing borrowers. For borrowers under the Special Farm Financial Assistance Program, advisory services are compulsory. At year end, 3,424 farm operations were benefitting from this service. This represents a 20.4 per cent decrease from the previous year. Pre-loan counselling and assistance in the planning, organization and development of their farm businesses was available to all applicants. A farm financial management training program for FCC staff was undertaken with emphasis on the most up-to-date technology in that field.

The Corporation's staff also liaises with other federal and provincial agencies, and provides referrals to the agencies to complete the advisory role.

Life Insurance

A group life insurance program is offered to all FCC borrowers. During the 1984-85 fiscal year, 80.3 per cent of loans approved were covered partially or totally by life insurance.

Table 1

Purposes for which loans were approved

	1984-85 per cent	1983-84 per cent
New units	24.8	17.3
Additional land	29.6	19.7
Repayment land-secured debts	13.8	23.5
Repayment other debts	17.9	27.2
Permanent improvements	6.7	5.9
Equipment	1.4	1.2
Livestock	1.1	1.0
Miscellaneous	4.7	4.2



P.E.I. credit advisor Paul Breault sets up an appointment to appraise an applicant's farm business.

Loan Administration

The difficult economic period faced by hog, beef and grain producers was reflected in the FCC arrears position. The percentage of accounts in good standing decreased from 87.6 per cent a year ago to 84.7 per cent on March 31, 1985. Accounts with less than \$500 in arrears are considered to be in good standing. Arrears at year-end increased by 51.7 per cent, from \$107.0 million the previous year to \$162.3 million. This represented only 3.26 per cent of the total loan portfolio.

The problem with arrears may continue for the next few years. However, through its collection and advisory services programs, the Corporation identifies potential problem accounts and consults with the borrowers to explore solutions before their arrears become burdensome.

Despite a moratorium on foreclosures, which lasted almost two months, properties acquired by FCC increased to 214 this year from 130 the previous year.

Table 2

Financial characteristics of farm operations borrowing from FCC

	1984-85 average	1983-84 average
Total assets	\$487,749	\$497,990
Per cent equity	51.2	48.9
Loan approved	\$116,123	\$135,763
Loan-to-security ratio	.64	.68

There were also 90 farms sold under power of sale. The Corporation did not take title to these farms.

The powers and duties of FCC appeal boards, which are made up of competent farmers, were extended to review foreclosures. In the period following the announcement of this initiative, 62 farmers applied to have their files reviewed. Appeal boards modified FCC recommendations in 3 cases.

There were 105 properties sold during the year, leaving 239 properties owned by the Corporation at year end. In some cases, properties were rented out while waiting for a more favourable time to sell them.

The weak demand for farm properties resulted in an increase in net losses and write-downs on properties sold or on hand at the end of the year. This amounted to \$27.5 million compared to \$13.7 million during 1983-84. The losses represent .55 per cent of total loans receivable as of March 31, 1985.

Operations Under the Farm Syndicates Credit Act

Under the Farm Syndicate Credit Act, 63 loans were approved in 1984-85 for \$1.6 million. A syndicate is a group of three or more individuals, the majority of whom has farming as a principal occupation. The objective of the Act is to provide credit to farmers sharing in the ownership and use of farm machinery, buildings and installed equipment.

Capital and Money Market Borrowing

During the year, the focus of the Corporation's capital market borrowing was on Japan because its market provided the cheapest source of funds. Three issues totalling \$160 million were completed. They were comprised of:

Cdn. \$55 million
10 $\frac{3}{4}$ % - 13 $\frac{5}{8}$ % notes due July 4, 1994;

Yen 5 billion
7 $\frac{5}{8}$ % notes due February 1990

Yen 15 billion
7 $\frac{5}{8}$ % syndicated loan due March 26, 1990



Habot family
views the past
financial
moment with credit
for Jean-Guy
é.

The foreign exchange exposure created by borrowing yen was eliminated by currency exchange agreements. The all-in costs of the issues to FCC reflected the status of the Corporation as an agent of the Crown as well as the high regard generally accorded to Canadian agriculture by the international community.

The Corporation substantially increased its financial liquidity during the year. It increased its short-term promissory note operation from a maximum \$150 million to \$350 million.

One of the reasons for the increase was to enable the Corporation to finance arrears through this market rather than through longer-term borrowings. To complement this increase in the note program and to provide additional liquidity, the Corporation established a \$210 million fully-committed standby facility with a Canadian chartered bank. The promissory note and standby facilities allow the Corporation to access ample funds without delay and thus provide greater flexibility in the management of its cash flow.

Results of Operation

The Corporation incurred a loss for the year of \$30.2 million compared to a loss of \$56.7 million the previous year. The larger loss in 1983-84 was attributable to a provision for loan losses of \$65.7 million while this year the provision was \$46.3 million.

Interest income rose 8.2 per cent to \$527.3 million while interest expenses increased only 7.6 per cent to \$480.0 million. As a result, the net interest income increased 14.2 per cent to \$47.3 million.

Administrative expenses were \$32.1 million, which represented an increase of \$.5 million. This change compares to an increase of \$3.4 million in 1983-84. Travel and removal expenses were reduced by \$.3 million while other categories increased slightly.

Sources of funds

Since FCC was established in 1959, its major source of funds has been advances from the government in the form of additions to the Corporation's equity capital and long-term loans from the Consolidated Revenue Fund (CRF). An amendment to the Farm Credit Act in 1982 gave FCC the authority to borrow money, with the approval of the Minister of Finance, from sources other than the Consolidated Revenue Fund.

In 1984-85, FCC negotiated three transactions in Japan, where the rates were the most favourable. These loans, denominated in Canadian dollars and yen, totalled \$160 million after conversion of the yen proceeds. That brought the total capital market borrowings since the inception of the program to \$460 million. Debt securities issued in connection with borrowings carry the full faith and credit of Canada, and constitute direct unconditional obligations of Canada.

During the year, the government contributed \$28.4 million in additional equity capital under Section 12 of the Farm Credit Act. Gross borrowings from the CRF were \$667.2 million and repayments were \$867.0 million, resulting in a net pay-down to the CRF of \$199.8 million as compared to net borrowings of \$354.3 million for 1983-84.

Loan repayments from farmers totalled \$235.2 million, up from a level of \$230.0 million during the previous year. Of these repayments, \$101.6 million represented farmers' prepayments of loans with interest rates above the prevailing lending rates.

In August 1984, the Minister of Finance further increased the size of FCC's promissory note program to \$350.0 million. The increase has resulted in further diversification of the Corporation's funding sources.

High interest rate conversion

The Corporation was authorized to pay off \$587.2 million of high interest rate borrowings from the Consolidated Revenue Fund and refinance these borrowings with lower rate funds. The benefit gained was passed on to some 6,000 farmers who had loans from FCC at rates ranging from 14 to 16¾ per cent. These loan rates were reduced to 12¾ per cent.

Application of funds

Funds applied during the year amounted to \$569.5 million, an increase of \$76.6 million or 15.5 per cent over the amount of funds applied in 1983-84.

Borrowers looking for up-to-date information on their loans talk to Joyce Rusnak, loan administration clerk in Alberta.





session with
ers helps FCC
keep track of
land and
modity prices.
review officer
on Earl meets
Manitoba farmer
ell Calder.

There was a \$65.4 million net outflow of funds from operations. The cash deficit was the result of the excess of cash outflow in the form of interest and administrative expenses, over cash inflow in the form of interest and other revenues. The most significant factor contributing to this cash deficit was the \$45.8 million increase in interest arrears.

The Corporation disbursed \$258.2 million in net loans to farmers, a decrease of \$527.8 million over the \$786.0 million disbursed the previous year. These net loan disbursements, together with \$12.6 million in existing loans that were refinanced, resulted in gross loan disbursements totalling \$270.8 million for the year.

Loans receivable portfolio

The Corporation's loan portfolio (see Table 5) consisted of 79,270 accounts totalling \$5.0 billion as at March 31, 1985. (see note 3 to the Financial Statements). This included \$11.5 million under the Farm Syndicates Credit Act and \$347.3 million under the Special Farm Financial Assistance Program. The portfolio also includes 402 loan accounts amounting to \$25.0 million arising from sales of real estate. Pursuant to an agreement with Agriculture Canada, the Corporation also administers 425 accounts totalling \$6.0 million under the Land Transfer Plan, a component of the department's Small Farm Development Program which terminated on March 31, 1979.

Allowance for loan losses

The level of interest rates, a weakening of commodity prices and a decrease in land values in recent years have increased the probability of loan losses. While an allowance for such losses was made in the past two years, it was increased again during the 1984-85 fiscal year by \$18.7 million. (see Table 4).

The equity level of FCC borrowers averaged 51 per cent in 1984-85, up slightly from the previous year.



Table 3

**Loans approved by province
(Farm Credit Act)**

	1984-85		1983-84	
	Number	Net Amount (\$000)	Number	Net Amount (\$000)
British Columbia	60	7,082	185	32,212
Alberta	376	45,608	965	142,730
Saskatchewan	969	100,480	2,198	274,523
Manitoba	188	18,405	497	63,288
Ontario	513	70,396	1,399	202,574
Quebec	85	6,745	357	31,613
New Brunswick	64	5,428	50	3,809
Nova Scotia	1	95	11	493
Prince Edward Island	48	3,399	63	5,861
Newfoundland	12	1,110	13	920
Canada	2,316	258,748	5,738	758,023

Table 4

Allowance and provision for loan losses (\$ millions)

	84-85	83-84	82-83	81-82	80-81
Allowance for loan losses at the beginning of the year	86.7	34.7	11.0	5.3	3.1
Actual losses on loans and write-downs of acquired real estate during the year	(27.5)	(13.7)	(8.1)	(3.0)	(1.5)
	59.2	21.0	2.9	2.3	1.6
Estimated allowance required at year-end	105.4	86.7	34.7	11.0	5.3
Provision for loan losses (expenses)	46.2	65.7	31.8	8.7	3.7

Table 5

Loans receivable portfolio as at March 31, 1985
(in thousands of dollars)



Assistant regional manager Jacques Lagacé spends a lot of time discussing ideas and problems with staff.

	Number	Principal Not Due	Arrears	Accrued Interest	Amounts held for future Instalments	
<i>Loans to farmers</i> (F.C.A.)						
British Columbia	2,456	166,745	8,958	8,549	(3,487)	180,7
Alberta	15,412	823,796	35,006	58,351	(8,817)	908,3
Saskatchewan	23,760	1,355,763	41,312	92,753	(7,750)	1,482,0
Manitoba	7,793	416,685	20,527	22,888	(4,464)	455,6
Ontario	18,717	1,264,741	41,659	53,273	(19,125)	1,340,5
Quebec	7,523	437,435	9,906	19,178	(2,467)	464,0
New Brunswick	874	49,803	1,733	2,569	(860)	53,2
Nova Scotia	138	6,223	300	219	(144)	6,5
P.E.I.	926	45,158	1,863	2,677	(516)	49,1
Newfoundland	117	9,167	445	400	(211)	9,8
Canada	77,716	4,575,516	161,709	260,857	(47,841)	4,950,2
<i>Loans to farm syndicates</i> (F.S.C.A.)						
British Columbia	12	209	74	10	—	2
Alberta	112	1,747	274	158	(93)	2,0
Saskatchewan	61	848	94	63	(21)	0
Manitoba	127	1,091	314	75	(23)	1,7
Ontario	183	2,496	234	135	(48)	2,3
Quebec	209	2,987	201	175	(11)	3,0
New Brunswick	12	267	38	11	—	2
Nova Scotia	3	53	—	4	—	3
P.E.I.	6	62	3	4	—	1
Newfoundland	2	78	—	3	—	0
Canada	727	9,838	1,232	638	(196)	11,0

Table 5 (continued)

	Number	Principal Not Due	Arrears	Accrued Interest	Amounts held for future Instalments	Net Total
<i>Loans receivable from real estate sales (F.C.A.)</i>						
British Columbia	14	1,141	31	58	(5)	1,225
Alberta	35	1,518	143	93	(5)	1,749
Saskatchewan	1	43	—	2	—	45
Manitoba	29	1,754	89	112	(3)	1,952
Ontario	215	13,029	723	663	(61)	14,354
Quebec	86	3,960	48	212	(8)	4,212
New Brunswick	6	315	5	19	—	339
Nova Scotia	4	227	9	9	(1)	244
P.E.I.	8	441	2	48	—	491
Newfoundland	4	376	19	15	(1)	409
Canada	402	22,804	1,069	1,231	(84)	25,020
<i>Loans receivable under the Small Farm Development Program (F.C.A.)</i>						
British Columbia	5	59	3	3	(1)	64
Alberta	139	1,609	63	89	(8)	1,753
Saskatchewan	174	2,513	71	133	(8)	2,709
Manitoba	74	1,032	38	43	(5)	1,108
Ontario	9	96	4	3	(1)	102
Quebec	7	52	—	2	—	54
New Brunswick	6	62	—	3	—	65
Nova Scotia	2	15	1	—	—	16
P.E.I.	9	79	2	3	—	84
Newfoundland	—	—	—	—	—	—
Canada	425	5,517	182	279	(23)	5,955
Total	79,270	4,613,675	164,192	263,005	(48,144)	4,992,728

Ed Giles is one of the Corporation's 184 credit advisors working out of 104 field offices across Canada.



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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The accompanying financial statements of Farm Credit Corporation and all information in this annual report are the responsibility of management and have been approved by the Board of Directors. The financial statements include some amounts that are necessarily based on management's best estimates and judgement.

The financial statements have been prepared by management in accordance with accounting principles which are generally accepted in Canada and which have been consistently applied. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. The system of internal controls is augmented by internal audit which conducts periodic reviews of different aspects of the Corporation's operations. In addition, the internal and external auditors have full and free access to the Audit Committee of the Board, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

These financial statements have been independently examined by the Corporation's auditor, the Auditor General of Canada, and his report is included herein.



Eiliv H. Anderson
Chairman and Chief Executive Officer



William G. Mann
Comptroller and Chief Financial Officer

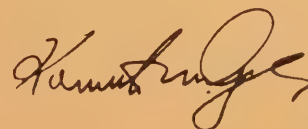
AUDITOR'S REPORT

The Honourable John Wise, P.C., M.P.
Minister of Agriculture

I have examined the balance sheet of Farm Credit Corporation as at March 31, 1985 and the statements of operations and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with the Financial Administration Act and regulations, the Farm Credit Act and the by-laws of the Corporation.



Kenneth M. Dye, F.C.A.
Auditor General of Canada

Ottawa, Canada
June 5, 1985

BALANCE SHEET

as at March 31, 1985

	1985	1984
	(in thousands of dollars)	
Assets		
Cash	\$ —	\$ 40,800
Accounts receivable	92	1,000
Loans receivable (Note 3)	4,992,728	4,917,000
Less: Allowance for loan losses	105,400	86,000
	<u>4,887,328</u>	<u>4,830,000</u>
Real estate	26,987	14,000
Fixed assets	1,738	1,000
Unamortized debt issue expenses	24,084	13,000
	<u>\$4,940,229</u>	<u>\$4,901,000</u>
Liabilities		
Bank indebtedness	\$ 161	\$ 5,000
Accounts payable and accrued liabilities	6,223	5,000
Short-term notes	97,333	100,000
Provision for employee termination benefits	2,844	2,000
Loans payable (Note 4)	<u>4,704,563</u>	<u>4,761,000</u>
	<u>4,811,124</u>	<u>4,770,000</u>
Equity of Canada		
Contributed capital (Note 5)	218,333	189,000
Deficit	<u>89,228</u>	<u>59,000</u>
	<u>129,105</u>	<u>130,000</u>
	<u>\$4,940,229</u>	<u>\$4,901,000</u>

The accompanying notes are an integral part of the financial statements.

Approved by the Board:



Eiliv H. Anderson
Chairman and
Chief Executive Officer



Paul Babey
Vice-Chairman and
Chief Operating Officer

STATEMENT OF OPERATIONS AND DEFICIT

for the year ended March 31, 1985

	1985	1984
	(in thousands of dollars)	
Interest income		
Loans receivable	\$514,410	\$481,336
Investments	12,851	5,924
	<u>527,261</u>	<u>487,260</u>
Interest expense		
Loans payable	466,670	441,508
Short-term notes	13,312	4,312
	<u>479,982</u>	<u>445,820</u>
Net interest income	47,279	41,440
Provision for loan losses	46,278	65,708
	<u>1,001</u>	<u>(24,268)</u>
Fees and other income	907	2,516
	<u>1,908</u>	<u>(21,752)</u>
Administrative expenses		
Salaries and employee benefits	23,978	23,718
Office accommodation	2,353	2,273
Travel	2,183	2,509
Other	3,572	3,143
	<u>32,086</u>	<u>31,643</u>
Loss before extraordinary item	30,178	53,395
Extraordinary item (Note 6)	—	3,319
Loss for the year	<u>30,178</u>	<u>56,714</u>
Deficit at beginning of the year	59,050	2,336
Deficit at end of the year	<u>\$ 89,228</u>	<u>\$ 59,050</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended March 31, 1985

	1985	1984
	(in thousands of dollars)	
Funds provided		
Loans from capital markets	\$167,543	\$255,500
Net increase (decrease) in short-term notes	97,333	(5,000)
Loans receivable repaid	235,247	230,000
Capital contributed by Canada	28,400	23,900
	<u>528,523</u>	<u>504,500</u>
Funds applied		
Operations		
Loss before extraordinary item	30,178	53,300
Items not involving cash		
Provision for loan losses	(46,278)	(65,700)
Increase in interest due from borrowers	45,754	26,500
Net change in accrued interest	32,458	17,100
Other	3,322	8,600
Cash applied to operations	<u>65,434</u>	<u>40,000</u>
Loans repaid to Canada	867,025	263,900
Less: Loans from Canada	<u>667,200</u>	<u>618,300</u>
	199,825	(354,300)
Loans to farmers	270,798	806,900
Less: Loans refinanced	<u>12,605</u>	<u>20,900</u>
	258,193	786,000
Losses on loans receivable and write-down of real estate	27,528	13,700
Increase in real estate	12,686	6,600
Net change in other assets and liabilities	<u>5,846</u>	<u>7,000</u>
	46,060	21,100
	<u>569,512</u>	<u>492,900</u>
Increase (decrease) in cash	(40,989)	11,500
Cash at beginning of the year	<u>40,828</u>	<u>29,200</u>
Cash at end of the year	<u>\$ (161)</u>	<u>\$ 40,800</u>

The accompanying notes are an integral part of the financial statements.

1. The Corporation

Farm Credit Corporation was established in 1959 by the Farm Credit Act as the successor to the Canadian Farm Loan Board and is a Crown corporation named in Schedule C, Part I of the Financial Administration Act. The Corporation's prime objective is to assist Canadian farmers to establish and develop viable farm enterprises through the use of long-term credit as provided for by the Farm Credit Act.

The Corporation also administers the lending program authorized under the Farm Syndicates Credit Act which was originally introduced as the Farm Machinery Syndicates Credit Act in 1964. It provides for loans to groups or syndicates of farmers organized to share in the purchase and use of farm machinery, buildings and installed equipment.

Under the provisions of the Farm Credit Act, the Corporation is also required to administer certain programs assigned to it by the Government. The Corporation extended credit under the Special Farm Financial Assistance Program, a temporary program which expired in June 1984, introduced to assist farmers in financial difficulty.

2. Significant accounting policies

(a) Allowance for loan losses

The allowance for loan losses relates to loans receivable and represents an estimate of future probable losses on the accounts outstanding at the end of the year. With respect to this estimate, the Corporation recognizes that future economic and agricultural conditions are not predictable and, therefore, their impact on the collectability of loans is uncertain.

Actual losses on loans and write-downs of acquired real estate to net realizable value are charged to the allowance while recoveries of loan losses are credited to the allowance. The adjustment of the allowance to the appropriate level is charged to operations as a provision for loan losses.

(b) Revenue recognition

Interest income is recorded on an accrual basis.

Loan application fees are recorded when received. Appraisal fees withheld from loan funds are recorded at the time the loans are disbursed. Partial discharge fees are recorded when the discharge occurs.

Service charges earned on loans to farm syndicates are recorded when loans are disbursed.

Penalties charged on loan prepayments are recorded at the time the prepayments are applied as a reduction of loan principal.

(c) Real estate

Real estate is carried at the lower of cost and net realizable value. It represents farm property acquired in the process of administering the outstanding loans receivable and must be disposed of within five years of acquisition or such further period as the Governor in Council may prescribe.

(d) Fixed assets

Fixed assets are recorded at cost less accumulated depreciation. Leasehold improvements are amortized using the straight-line method over the term of the lease and one renewal period. Computer hardware and software are depreciated using the straight-line method over their estimated useful lives. Other fixed assets are depreciated using the diminishing balance method at annual rates of 20% for furniture and equipment and 30% for automobiles.

(e) Debt issue expenses

Discounts and expenses relating to the issuance of debt are amortized on a straight-line basis over the life of the debt and included in interest expense on loans payable.

NOTES TO FINANCIAL STATEMENTS

March 31, 1985 (continued)

(f) *Translation of foreign currencies*

Loans payable in foreign currencies are hedged by currency conversion agreements and are translated into Canadian dollars at the rates provided therein. The differences between the ultimate amounts payable at the contracted rates and the cash proceeds of the debt issues are considered to be financing costs and are therefore amortized by charges to interest expense over the lives of the obligations on a straight-line basis. The unamortized portion of these costs is included with unamortized debt issue expenses in the balance sheet. The related interest payable on these debt issues is also hedged by currency conversion agreements and is translated into Canadian dollars at such contract rates.

(g) *Pension plan*

The Corporation's employees participate in the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are made equally by both employees and the Corporation, and these contributions in respect of current service are expensed during the year in which the services are rendered.

(h) *Employee termination benefits*

On termination of employment, employees of the Corporation are entitled to severance benefits provided for under their terms of employment. The liability for these benefits is recorded as the benefits accrue to the employees.

(i) *Income taxes*

The Corporation records income taxes on a tax allocation basis which recognizes the income tax effect on transactions when they are recorded in accounting income, regardless of when such items are recognized for tax purposes.

NOTES TO FINANCIAL STATEMENTS

March 31, 1985 (continued)

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3. Loans receivable	Maturities not exceeding	Annual interest rate %	1985	1984
			(in thousands of dollars)	
Loans to farmers, secured by mortgages	30 years	5-7 $\frac{7}{8}$	\$ 669,626	\$ 718,747
	30 years	8-10 $\frac{7}{8}$	1,895,046	1,966,614
	30 years	11-13 $\frac{7}{8}$	2,180,322	1,582,323
	30 years	14-16 $\frac{3}{4}$	205,247	610,782
			4,950,241	4,878,466
Loans to farm syndicates, secured by notes	15 years	6 $\frac{1}{4}$ -17 $\frac{1}{2}$	11,512	13,770
Loans receivable from real estate sales, secured by agreements for sale or mortgages	27 years	5-16 $\frac{3}{4}$	25,020	18,652
Loans receivable under the Small Farm Development Program, secured by agreements for sale	20 years	7-10	5,955	6,212
			<u>\$4,992,728</u>	<u>\$4,917,100</u>

Maturities by fiscal year are as follows:

	1985	1984
	(in thousands of dollars)	
1985	\$ —	\$ 429,450
1986	502,998	118,421
1987	138,036	126,558
1988	148,228	135,036
1989	158,937	144,046
1990	170,538	154,560
1991 through 2015	3,873,991	3,809,029
	<u>\$4,992,728</u>	<u>\$4,917,100</u>

At March 31, 1985 accrued interest of \$263.0 million (1984 – \$255.6 million) and arrears of \$164.2 million (1984 – \$110.5 million) are included in loans receivable and shown as maturing in the year ending March 31, 1986.

Prepayments of principal from farmers of \$101.6 million (1984 – \$129.5 million) were received during the year.

NOTES TO FINANCIAL STATEMENTS

March 31, 1985 (continued)

4. Loans payable	Maturities not exceeding	Annual interest rate %	1985	1984
			(in thousands of dollars)	
Loans from Canada, secured by notes				
Farm Credit Act	20 years	4- 7 $\frac{7}{8}$	\$ 726,078	\$ 826,078
	20 years	8-10 $\frac{7}{8}$	1,550,144	1,563,144
	20 years	11-13 $\frac{7}{8}$	1,815,966	1,521,966
	20 years	14-16 $\frac{3}{4}$	—	377,000
			4,092,188	4,288,188
Farm Syndicates Credit Act	7 years	8-16 $\frac{1}{2}$	10,518	13,518
Small Farm Development Program	20 years	6-9	7,323	7,323
			4,110,029	4,309,029
Loans from capital markets, secured by notes				
Farm Credit Act	10 years	9-12 $\frac{7}{8}$	461,575	299,575
Amounts owing in respect of interest rate and currency conversion agreements	10 years	10-10 $\frac{7}{8}$	11,568	5,568
			4,583,172	4,615,172
Accrued interest			121,391	146,391
			<u>\$4,704,563</u>	<u>\$4,761,563</u>

Maturities by fiscal year are as follows:

	1985	1984
	(in thousands of dollars)	
1985	\$ —	\$ 348
1986	318,260	201,260
1987	191,198	191,198
1988	187,996	188,996
1989	203,330	204,330
1990	830,469	213,469
1991 through 2004	2,973,310	3,414,310
	<u>\$4,704,563</u>	<u>\$4,761,563</u>

At March 31, 1985 accrued interest of \$121.4 million (1984 – \$146.4 million) is shown as maturing in the year ending March 31, 1986.

By Order in Council, the Minister of Finance is authorized to provide a net increase in loans from Canada of \$90.0 million for the year ending March 31, 1986. The Corporation has also received approval to borrow an amount not exceeding \$326.7 million from capital markets during the fiscal year ending March 31, 1986. However, the total borrowed from these two sources shall not exceed \$326.7 million.

5. Contributed capital

The contributed capital of the Corporation represents the amount received from Canada under section 12 of the Farm Credit Act. The statutory limit on this amount is \$225.0 million (1984 – \$225.0 million). During the year, capital of \$28.4 million (1984 – \$23.9 million) was contributed by Canada.

6. Income taxes

At March 31, 1985 the Corporation has available various timing differences of approximately \$89.0 million which have not been recognized in the accounts and which result primarily from differences between the provision for loan losses charged to operations and the amount claimed for tax purposes pursuant to Section 33 of the Income Tax Act.

The amount of \$3.3 million in potential future tax reductions recorded as an asset at March 31, 1983 was written-off as an extraordinary item in the year ended March 31, 1984 as the Corporation determined that it was no longer appropriate to record these benefits.

7. Limits on borrowing

The Farm Credit Act limits the aggregate amount outstanding of the principal borrowings by the Corporation pursuant to the Act to twenty-five times the capital of the Corporation. At March 31, 1985 the Corporation's outstanding borrowings under this Act, comprising short-term notes of \$97.1 million and loans payable of \$4,560.3 million, were 21.33 times the capital of \$218.3 million (1984 – 24.20 times).

The Farm Syndicates Credit Act limits the loans from Canada pursuant to the Act to twenty-five million dollars. At March 31, 1985 the Corporation's loans from Canada under this Act were \$10.5 million (1984 – \$13.4 million).

8. Commitment to farmers

As at March 31, 1985 loans to farmers approved but not disbursed amounted to \$41.2 million (1984 – \$61.0 million), most of which were approved at rates ranging from 12¾% to 13½%. It is expected that the majority of these loans will be disbursed within the six-month period ending September 30, 1985 from funds to be borrowed by the Corporation at prevailing commercial rates of interest at the time of borrowing.

9. Operating leases

The future minimum lease payments by fiscal year required under operating leases having initial non-cancellable lease terms in excess of one year are as follows:

(in thousands of dollars)

1986	\$1,678
1987	1,507
1988	1,026
1989	704
1990	585
1991 and subsequent	2,235
	<u>\$7,735</u>

These leases generally provide for the payment by the Corporation of real estate taxes and operating expenses in excess of those amounts established at the commencement of the lease term.

10. Segmented information

The Corporation operates in one business segment, providing long-term loans to Canadian farmers.

11. Comparative figures

The 1984 comparative figures have been reclassified to reflect the presentation adopted in 1985.



Richard Laffeur, supervisor of central registry, plays an important part in maintaining the Corporation's records at Head Office.

Operational	84-85	83-84	82-83	81-82	
<i>Total loans receivable portfolio</i>					
Number of loans receivable	79,270	80,112	77,609	74,637	7
Amount of loans receivable (\$000)	4,992,728	4,917,100	4,291,462	3,847,805	3,84
<i>Under Farm Credit Act (including special program)</i>					
Number of loans approved	2,316	5,738	5,509	4,948	
Amount of loans approved gross (\$000)	268,941	779,007	635,568	499,782	50
Amount of loans approved net (\$000)	258,748	758,142	614,370	450,633	39
Average size of loans approved (\$)	116,123	135,763	115,369	101,007	10
Percentage of loans in good standing	84.7	87.6	88.9	90.6	
<i>Under Farm Syndicates Credit Act</i>					
Number of loans approved	63	92	84	174	
Amount of loans approved (\$000)	1,584	2,855	2,289	5,569	

Financial	84-85	83-84	82-83	81-82	80-81
<i>Revenues and expenses</i> (\$000)					
Interest income	527,261	487,260	397,419	337,978	286,324
Net interest income	47,279	41,440	34,036	35,220	31,736
Administrative expenses	32,086	31,643	28,233	24,350	21,449
Provision for loan losses	46,278	65,708	31,758	8,711	3,725
Net income (loss) before tax & extraordinary item	(30,178)	(53,395)	(24,459)	3,461	7,688
Net income (loss) for year	(30,178)	(56,714)	(13,208)	1,869	4,151
<i>Financial Position (\$000)</i>					
Total assets	4,940,229	4,901,222	4,300,126	3,853,897	3,483,054
Total liabilities	4,811,124	4,770,339	4,136,429	3,700,177	3,344,351
Equity of Canada	129,105	130,883	163,697	153,720	138,703
<i>Selected financial indicators</i>					
Debt-to-equity ratio [Loans payable ÷ equity]	36.44:1	36.38:1	25.20:1	23.98:1	24.03:1
Asset coverage ratio [Net tangible assets ÷ loans payable]	1.04:1	1.03:1	1.04:1	1.05:1	1.05:1
Interest coverage ratio [Total income less operating expenses ÷ interest expense]	.94:1	.88:1	.93:1	1.01:1	1.03:1
Profit margin [Net income (loss) ÷ total income]	-5.71%	-11.58%	-3.31%	.55%	1.44%
Return on equity [Net income (loss) ÷ average equity]	-23.21%	-38.50%	-8.32%	1.28%	3.16%

Members of the Board
(left to right)
back row – Eiliv H.
Anderson, Paul Babey
middle row – W.
Ralph deGruchy,
Gerald I. Trant,
Edward J. Doyle, Réal
Lambert
front – Irene Perlich

* Claude Palmer was
absent



Members of the Board

Board of the Corporation is composed of seven members, of whom is appointed by Governor in Council. Members are appointed to terms of up to ten years. The Chairman and Vice-Chairman of the Board are also officers of the Corporation. The Chairman is the Chief Executive Officer and as such directs and supervises the operations of the Corporation.

H. Anderson*

Chairman of the Board, FCC Chairman and Chief Executive Officer

Paul Babey

Chairman of the Board, Vice-Chairman and Chief Operating Officer

Edward J. Doyle*

Regional branch manager of a Canadian chartered bank, Ontario

Robert Lambert

Farmer, Quebec

John de Palmer

Potato and grain producer, Prince Edward Island

John Perlich

Owner and manager of a cow/calf operation, Alberta

Donald I. Trant*

Former Assistant Deputy Minister, Agriculture Canada

W. Ralph deGruchy**

Secretary to the Board, FCC Secretary-General

**Note:*

Members of the Audit Committee.

***Note:*

W. Ralph deGruchy retired March 8, 1985 after 24 years as Secretary to the Board. Louise Neveu was appointed his successor.

Advisory Committee

The Advisory Committee is appointed by the Minister of Agriculture to advise him and the Corporation on lending policy matters. The majority of the members must be farmers or representatives of farm organizations.

Don Knoerr

British Columbia

Mack McLaughlin

Alberta

Jean-Marie Bourrée

Saskatchewan

George Vercaigne

Manitoba

Ron Oswald

Ontario

George Gardhouse

Ontario

Noël Lamontagne

Quebec

Ernest Boudreau

New Brunswick

Alma MacLennan

Prince Edward Island

Chairmen of Appeal Boards

Appeal Boards composed of practical farmers of proven ability and judgement are established in each province to hear appeals from farmers who are not satisfied with the Corporation's decision on their loan applications. The Appeal Boards are also available to provide third-party analysis of FCC loans under foreclosure.

E.T. (Ted) Osborn

British Columbia

Gordon Miller

Alberta

Dennis C. Boldt

Saskatchewan

Robert W. Hopley

Manitoba

Edward J. Mailloux

Ontario

Robert Brochu

Quebec

W. Burris Coburn

New Brunswick

Thomas Meredith

Nova Scotia

Wilbert MacKenzie

Prince Edward Island

Colin Bull

Newfoundland

Head Office**Eiliv H. Anderson**

Chairman and Chief Executive Officer

Paul Babey

Vice-Chairman and Chief Operating Officer

Gordon H. Hollingshead

Executive Director

Louise Neveu

Secretary to the Board and Director, Communications

Jean-E. Brassard

Legal Counsel

Brian Strom

Director, Lending Operations

William G. Mann

Comptroller and Chief Financial Officer

Thomas R. Robertson

Treasurer

Terry Kremenik

Director, Corporate Planning

Stewart Given

Director, Management Services

John J. Poirier

Director, Corporate Audit

George Pender

Chief Accountant



- Head Office
- Regional Offices
- District Offices
- Field Offices
- Potential Cropland

	<i>British Columbia</i>	<i>Alberta</i>	<i>Saskatchewan</i>	<i>Manitoba</i>	<i>Ontario</i>	<i>Quebec</i>	<i>Atlantic</i>
g	Jack Cardiff Suite 200 595 K.L.O. Road Kelowna V1Y 8E7 (604) 762-2416	George Jones Suite 1550 Continental Bank Bldg. 10250-101 Street Edmonton T5J 3P4 (403) 420-6751	Dave Fraser 500 South Broad Plaza 2045 Broad Street Regina S4P 2B7 (306) 359-5610	Russ Holm 400-5 Donald Street Winnipeg R3L 2T4 (204) 949-4039	Bob Aumell 105 Silvercreek Parkway N. Guelph N1H 7G7 (519) 821-1330	Fabien Langlois Champlain Bldg. 2700 Laurier Blvd. Ste. Foy G1V 4C7 (418) 648-3993	John van Abbema 2nd Floor Boulevard Plaza Phase 1 1133 St. George Blvd. Moncton E1E 4E1 (506) 857-6595
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s	Abbotsford, Dawson Creek, Kelowna, Prince George	Athabasca, Barrhead, Brooks, Camrose, Drumheller, Evansburg, Fairview, Falher, Hanna, Medicine Hat, Peace River, Redwater, Stettler, St. Paul, Vermilion, Wainwright, Westaskiwin, Edmonton	Assiniboia, Carlyle, Humboldt, Kindersley, Meadow Lake, Moose Jaw, Rosetown, Tisdale, Weyburn, Wynyard	Arborg, Carman, Dauphin, Killarney, Morden, Neepawa, Swan River, Virden	Barrie, Campbellford, Cornwall, Essex, Goderich, Kingston, Lambeth, Listowel, New Liskeard, Owen Sound, Simcoe, Stratford, Vineland, Wyoming	Arthabaska, Drummondville, Granby, Hull, Joliette, Rimouski, Riviere-du-Loup, Roberval, St. Georges de Beauce, St. Jerome, Valleyfield	Grand Falls, Woodstock, Fredericton, Sussex, Kentville, Truro, Summerside, St. John's

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Photography:

Alrick Huebener (FCC)
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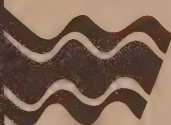
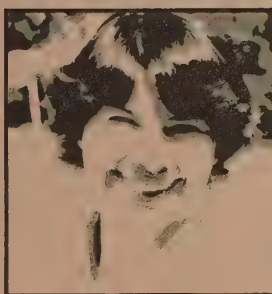
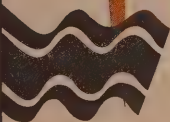
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Farm Credit Corporation

Annual Report

1985/86

Canada



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Head Office Address

Farm Credit Corporation
434 Queen Street
Ottawa, Ontario
K1P 6J9

*Le Rapport annuel est aussi disponible en
français*

Farm Credit Corporation (FCC) was established in 1959 as a Crown agency reporting to Parliament through the Minister of Agriculture. Its role is to provide financial services to enable Canadian farmers to establish, develop and maintain viable farm enterprises.

The Corporation makes and administers farm loans under the authority of the Farm Credit Act and the Farm Syndicates Credit Act.

In addition, counselling and assistance in the planning, organization and development of farm businesses are available to all applicants and borrowers.

The Corporation's head office is located in Ottawa. Its operations are decentralized into seven regional offices and 105 field and district offices serving all agricultural areas. As of March 31, 1986, FCC's total permanent staff was made up of 571 employees.



Credit advisor Cheryl Porteous (right) at the Smith family's ranch in High River

The Honourable John Wise, P.C., M.P.
Minister of Agriculture
Room 101 E.B.
House of Commons
Ottawa, Ontario
K1A 0A6

The Honourable Robert R. de Cotret, P.C., M.P.
President of the Treasury Board
Room 333 W.B.
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Ministers:

I am pleased to submit the Farm Credit Corporation's annual report for the fiscal year ending March 31, 1986.

This has been a difficult year for Farm Credit Corporation and the farmers it serves. The financial results outlined in this report reflect the economic adjustments in the agricultural sector due to weak international markets and difficult climatic conditions.

The report also shows that this has been a year of program innovation. The Corporation, with the support of the federal government, was able to develop new financial services aimed at assisting farmers to adapt to the changing economic environment.

Yours sincerely,



Eiliv H. Anderson
Chairman

Highlights

Operational	1985-86	1984-85	Change (per cent)
<i>Number of Loans Approved</i>			
Farm Credit Act	2,278	2,316	- 1.6
Farm Syndicates Credit Act	37	63	- 41.3
<i>Amount of Loans Approved – net (\$000)</i>			
Farm Credit Act	\$ 237,683	\$ 258,748	- 8.1
Farm Syndicates Credit Act	\$ 1,119	\$ 1,584	- 29.4
<i>Average Size of Loans</i>			
Farm Credit Act	\$ 108,413	\$ 116,123	- 6.6
<i>Loans Receivable Portfolio</i>			
Number of loans receivable	78,183	79,270	- 1.4
Amount of loans receivable (\$000)	\$5,018,898	\$4,992,728	+ 0.5
Financial	1985-86 (\$000)	1984-85 (\$000)	Change (per cent)
<i>Results of operations</i>			
Interest income	520,595	527,261	- 1.3
Net interest income	45,890	47,279	- 2.9
Loss for the year	121,406	30,178	+ 302.3
<i>Cash provided</i>			
Capital and net loans	193,172	81,218	+ 137.8
Repayments by farmers	256,286	235,247	+ 8.9
<i>Cash used</i>			
Loans to farmers	222,447	258,193	- 13.8

Although many sectors of the Canadian economy continued to recover from the slump of the early 1980's, the financial performance of the farm sector declined during the past year. This is similar to trends in other agricultural exporting countries. In addition, drought in western Canada for a second year in a row and unfavourable climatic conditions in other regions contributed to the cash-flow difficulties of many farmers, especially those who had entered the business since the mid-1970's. Nationally, realized net farm income in 1985 declined by 13.9 per cent from the year before.

Farmers will need finely tuned financial strategies to generate maximum returns.

Despite last year's falling interest rates, many farmers did not make capital investments because commodity surpluses limited their expectations of income growth. As a result, lenders experienced little or no farm loan portfolio growth in 1985. Many highly leveraged farmers had to consolidate debt, liquidate assets or reduce the size of their operations. For some farmers, these actions were insufficient to achieve economic viability. The weak economic conditions also placed downward pressure on farm real estate values throughout most of Canada.

The federal government's response to the needs of farmers and their families included the moratorium on FCC foreclosures, drought assistance and the initiatives contained in the February 26, 1986 Budget which announced

the establishment of a national debt review process, the Commodity-based Loan Program, the Canadian Rural Transition Program and other measures. At the First Ministers' Conference in November 1985, several federal-provincial working groups were established to examine issues in agriculture, including farm finance.

The current financial difficulties in the farm sector have evolved over several years, so long-term restructuring of agriculture is needed to make it stronger and more efficient. This process will also require teamwork, patience, and flexibility. Initiatives such as Project Hope in Ontario, where people in the rural community have joined forces to provide assistance and viable alternatives to farmers in need, will make an important contribution. The responses of commercial lenders, federal and provincial governments and their lending agencies, farmers and farm groups have also been encouraging. Although the next few years will not be easy, the economic transition taking place will ultimately strengthen Canadian agriculture as farm businesses with firmer capital structures make up a greater proportion of the industry and the number of highly leveraged farms declines. Farm Credit Corporation is fully committed to assisting farmers to adjust to the changes occurring in agriculture.

FCC in review

The size of FCC's loan portfolio increased only marginally and the total number of accounts outstanding decreased in response to the economic restructuring of agriculture. At the close of the fiscal year on March 31, 1986, Farm Credit Corporation had just over \$5 billion outstanding on 78,183 accounts compared to just under

\$5 billion on 79,270 accounts a year earlier. Total loan approvals at \$237.7 million declined 8.1 per cent from 1984-85. Loan approvals were only 31.4 per cent of the lending peak of \$758.1 million in 1983-84, a dramatic change from the growth that the Corporation experienced over the past decade.

The Corporation's financial performance also reflected the trends in the agricultural economy. A provision for loan losses of \$190.4 million was required to accommodate anticipated losses on the present loan portfolio. This was the primary reason for the loss on operations of \$121.4 million this year.

In response to concerns expressed by farmers about the sustainability of fixed long-term interest rates in today's economic environment, the Shared Risk Mortgage was introduced to help borrowers plan in an era of interest rate volatility. Under a Shared Risk Mortgage, a borrower benefits from decreasing rates and there is also a ceiling on increases. This program has proven very successful. Nationally, about 20 per cent of total loan approvals were for Shared Risk Mortgages while in British Columbia, Alberta and Manitoba about 50 per cent of the loans were approved under this program.

By the end of June 1985, FCC had completed the conversion of high interest rate loans. This program, introduced by the Minister of Agriculture in January of 1985, assisted FCC borrowers with loans at interest rates between 14 and 16¾ per cent for terms as long as 30 years. They were given the option to convert their mortgages to five-year terms at 12¾ per cent. A total of 5,455 farmers with loans outstanding about \$535 million took advantage of the conversion.

To improve service to farmers, loan approval authority for certain loan categories was decentralized to the field level. As a result, about 30 per cent of the loans were approved locally, giving farmers timely decisions on their loan applications.

The Minister of Agriculture requested a review of the role and mandate of FCC. Farmers and farm groups conveyed many useful suggestions. The diversity of views illustrated how difficult it is to develop credit policies that meet the needs of all farmers. However, there was broad consensus that market interest rates are too high and that a reduction in interest rates would help relieve the financial pressures on highly-leveraged farmers.

The economy is challenging lenders to develop new financial services that allow farmers to manage risk more effectively.

On September 17, 1985, a moratorium on FCC foreclosure actions was announced. The moratorium allowed time for the role and mandate of FCC to be reviewed, the results of the Grey-Bruce Debt Review Board and the FCC Appeal Boards to be assessed, and new program options to be studied. These reviews assisted in developing the measures for farmers in financial difficulty announced in the February 26 federal Budget.

The Ministerial Task Force on Program Review assessed the FCC loan program. It recommended the elimination of FCC government borrowings, an interest margin that would strengthen FCC's balance sheet, compensation for losses under the Special Farm Financial Assistance Program and enhancement of the Farm Syndicates Credit Act. Further discussions and decisions on these issues are expected in the 1986-87 fiscal year.

Outlook for 1986-87

Canadian farmers depend on export markets for about half of their farm cash receipts, making them vulnerable to international events. The U.S. Farm Bill and aggressive U.S. export policies, discussions on free trade, negotiation of the General Agreement on Trade and Tariffs (GATT), protectionist sentiments in many countries and changing world trade patterns will challenge farmers to adapt to new market conditions and will have long-term impacts on the structure of Canadian agriculture.

Although grain prices are expected to decrease in 1986, total realized net farm income is expected to be near the \$3.7 billion achieved in 1985. Modest annual farm income growth is expected through the rest of this decade. Downward trends in interest rates in 1985, if maintained through 1986, combined with reduced energy costs, should strengthen farm cash flows.

For farmers, finely tuned financial strategies will be important to generate maximum returns. Over the longer term, the provision of more timely marketing information and developments in technology including genetic engineering will contribute to the profitability and competitiveness of the sector.

The trends in Canadian agriculture also challenge lenders to develop new services and new financial instruments which allow farmers to manage financial risk more effectively as well as to take advantage of investment opportunities. Innovations such as FCC's Commodity-based Loan,



FCC Chairman Eiliv H. Anderson (left) and Agriculture Minister John Wise: encouraging innovation

which links repayment with commodity prices, could serve to encourage similar initiatives from commercial lenders. FCC is committed to these instruments and to research on concepts such as equity financing to meet the changing financial needs of the farm sector.

Over the next year, FCC will continue to finance new investments by farmers whose business plans show that they can develop financially viable enterprises. In addition, the Corporation will refinance many current borrowers through the Commodity-based Loan Program to help them adapt to market conditions. The Corporation will continue to work closely with individual farmers, farm groups and other lenders. The federal government's Canadian Rural Transition Program, with its counselling, retraining and assistance, will help ease the painful transition many farmers will have to make. Each FCC borrower requires individual attention and FCC is committed to providing a thorough analysis of each applicant's financial situation to give the most realistic assessment possible. This approach combined with program innovation will contribute to the long-term strength of Canadian agriculture.



Eiliv H. Anderson
Chairman



Jean-Marc Brun (left) and credit advisor Kurt Serreyn: evaluating the cost of replacing machinery

The following shows the actual performance and results achieved during the year for the objectives and financial targets set out in the 1985-86 Corporate Plan.

Objective 1

Financial Services

To increase the emphasis on the development of financial services to meet the needs of Canadian farmers.

At the request of the Minister of Agriculture, the Corporation reviewed its role and mandate. Farmers, farm groups and others were invited to submit recommendations for change.

High interest rates were a common concern as was the need for financial instruments that respond to the needs of the farm sector. As a result, the Commodity-based Loan Program was developed and announced in the February 26, 1986 Budget for implementation in 1986-87.

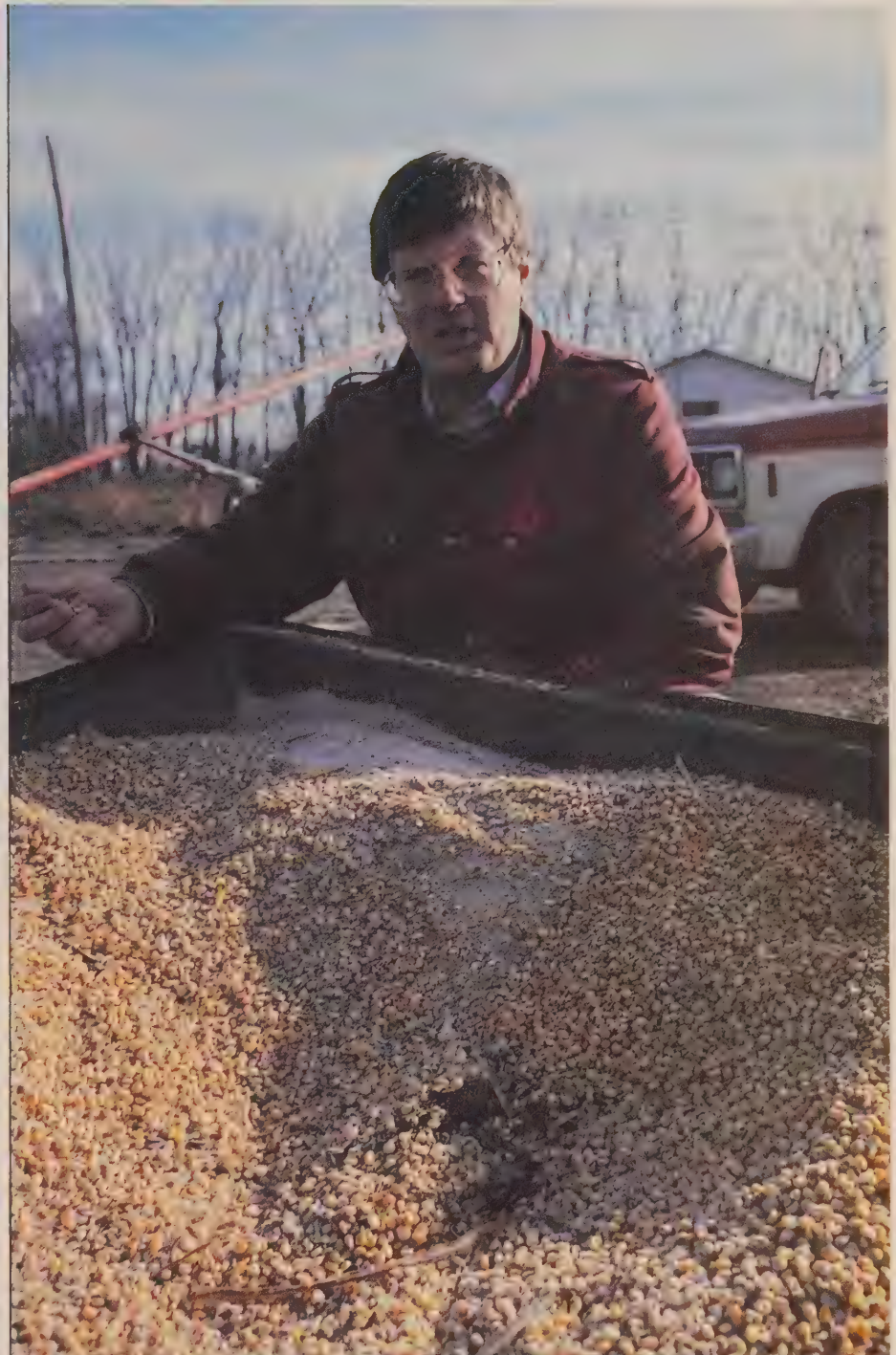
Equity financing is another concept with potential for meeting the needs of agriculture by providing an alternative to debt financing. FCC officials have discussed this idea extensively with farmers, farm groups and other organizations. This initiative requires further development and is being reviewed by the Federal/Provincial Working Group on Farm Finance. It could result in further innovation in the agricultural capital markets.

Objective 2

Employee Commitment

To attract, maintain, and motivate competent and innovative staff.

The Corporation developed and implemented policies on employment equity and personal harassment. Training opportunities were extended to staff in such



Loans officer Dennis Howden inspecting crops in Manitoba

areas as client counselling and computer applications. The client counselling training enables credit advisors to be more effective in assisting farmers who must make important decisions about the future of their enterprises. An early retirement incentive program will enhance organizational restructuring to make more effective and efficient use of human resources.

Objective 3

Decision Support

To improve decision support facilities by continued emphasis on new office technology.

Throughout the year, further development took place on the general ledger/budget system, and the financial/lending data base.

To support the continued introduction of new technology, an office information centre was established. This centre provides support to the users of new technology throughout the Corporation. Computer software for farm financial planning was tested for implementation in 1986-87.

A financial services system has also been initiated. The collection of data from a number of farms across Canada is intended to strengthen the Corporation's lending decisions and advisory services program.

Objective 4

Operating Performance

To reduce operating losses before taxes from \$30.2 million in 1984-85 to \$6.2 million in 1985-86.

Farm financial difficulties combined with unfavourable climatic conditions resulted in a substantial increase in the provision for losses on FCC's loan portfolio. Consequently, this objective was not achieved. The rates of return

below provide the results including and excluding the Special Farm Financial Assistance Program (SFFAP), which was introduced in the Federal Budget of November 1981 to assist farmers in financial distress.

	1985-86	1984-85	1983-84	1982-83	1981-82
Excluding SFFAP (\$000)	(\$116,960)	(\$14,552)	(\$47,414)	(\$11,917)	\$3,461
Including SFFAP (\$000)	(\$121,406)	(\$30,178)	(\$53,395)	(\$24,459)	

Objective 5

Administrative Expenses

To limit administrative expenses to .75 per cent of average outstanding loans receivable.

The Corporation was able to achieve this objective by closely monitoring its level of activities.

	1985-86	1984-85	1983-84	1982-83	1981-82
	0.75%	0.70%	0.73%	0.74%	0.70%

Objective 6

Loan Portfolio Management

To reduce the loan loss factor to four per cent for loans approved in 1985-86 from 4.5 per cent for those approved in 1984-85.

This measure, which reflects the level of losses expected on new loans, was introduced in 1984-85 to monitor more closely the risk being added to FCC's loan portfolio. Through careful monitoring the Corporation was able to achieve a loan loss factor of 3.2 per cent.

	1985-86	1984-85
	3.2%	4.5%



Credit advisor Barbara Parker (left) and beginning farmer Lyn Huxley: transferring the family farm to the next generation

Objective 1

Financial Services

To amend and develop programs to meet the expected financial needs of the farm sector.

Objective 2

Employee Commitment

To attract, maintain and motivate competent and innovative staff.

Objective 3

Financial Performance

To administer public funds in line with the long-term objective to achieve a return on capital.

Objective 4

Administration

To study, develop and implement ways to improve management practices and operational effectiveness, and to operate in a professional manner.

Operations under the Farm Credit Act

The Corporation offers two types of loans under the Farm Credit Act:

- 1) Standard farm loans where applicants must be principally occupied in farming after the loan is made;
- 2) Loans under Section 33 to beginning farmers who may retain off-farm employment while developing an economic farm business, provided that farming becomes their principal occupation within five years.

FCC introduced the Shared Risk Mortgage to help borrowers plan for fluctuating interest rates.

At the beginning of this fiscal year, Farm Credit Corporation introduced the Shared Risk Mortgage as a new type of loan under the Farm Credit Act. With this instrument, the borrower and FCC share the costs or benefits of fluctuating interest rates. This mortgage has a six-year renewable term, with the interest rate adjusted annually.

Farmers with standard loans are eligible to choose the Shared Risk Mortgage, or fixed-interest loans with terms of five, 10, 15 or more years. Those phasing into farming are offered loans with five-year terms.

Loan Approvals

Under the Farm Credit Act, 2,278 loans for a net amount of \$237.7 million were approved. This excludes the amount for the refinancing of existing FCC loans. Under Section 33, 66 loans for \$6.3 million were approved. The average size of loan was \$108,413 versus \$116,123 in 1984-85.

Of loans approved, 56.5 per cent were for five-year terms, 10.0 per cent for 10-year terms, 12.4 per cent for terms of 15 or more years and 21.1 per cent were Shared Risk Mortgages.

Purposes of Loans

The purposes for which loan funds were used in 1985-86 followed the historic pattern. The majority of loans were used to establish new farm units and to expand existing operations. The amount used to repay other debts decreased from last year.

Characteristics of Borrowers

In 1985-86, the average asset level of FCC borrowers increased to \$529,304 from \$487,749 in the previous year. The equity level of FCC borrowers averaged 54.6 per cent compared to 51.2 per cent for 1984-85. This indicates that the farmers who borrowed from FCC in 1985-86 had the higher equity levels required to survive low commodity prices.

The average loan-to-security ratio increased from .64 to .65. For every dollar loaned out, \$1.55 in assets were pledged. About 85.7 per cent of the loans approved in 1985-86 were secured by a first mortgage with FCC or an FCC mortgage subsequent to a prior FCC mortgage. Farmers under 35

years of age received 59.5 per cent of the Corporation's loans compared to 67.8 per cent last year.

Farm Financial Management

At year end, 3,179 farmers were participating in advisory services provided by the Corporation, compared to 3,424 last year. Pre-loan counselling for planning of the financial organization and development of farm businesses was available to all applicants. As well, the Corporation's staff liaise with and refers farmers to other federal and provincial agencies.

Life Insurance

Farm Credit Corporation offers group life insurance to all of its borrowers. This year, 75.7 per cent of loans approved were covered partially or fully by life insurance.

Loan Administration

On March 31, 1986, 81.9 per cent of accounts were in good standing down from 84.7 per cent last year. Arrears (excluding accounts with less than \$500 in arrears) stood at \$245.2 million, up 51.1 per cent from last year. Arrears represent 4.89 per cent of the total loan portfolio.

Table 1

Purposes for which loans were approved

	1985-86 (per cent)	1984-85 (per cent)
New units	18.8	24.8
Additional land	36.8	29.6
Repayment land-secured debts	15.2	13.8
Repayment other debts	13.3	17.9
Permanent improvements	7.5	6.7
Equipment	1.7	1.4
Livestock	1.0	1.1
Miscellaneous	5.7	4.7



Credit advisors Maurice Chassé, Mike Foster and Liz Maynard: honing farm appraisal skills

The Corporation continues to identify weak accounts and consult with the borrowers to seek solutions before the arrears become a problem. Economic conditions limit the options in many cases.

During the year, the appeals of 71 farmers under recovery action were reviewed by the Appeal Boards. In 28 cases FCC's actions were modified in response to the Appeal Boards' recommendations.

A moratorium on recovery actions has been in place since September 17, 1985. However, this moratorium did not apply to cases where the farm had been abandoned, bankruptcy had been declared, there had been a voluntary transfer of title or quit claim, recovery action had been initiated by another creditor thus forcing

FCC to protect its security, or part of the security was disposed of without FCC approval. Consequently, FCC acquired 324 properties during the year, up 110 from last year. Under power of sale, 91 farms were sold.

The Corporation sold 193 properties during the year and retained ownership of 370 properties at March 31, 1986. Because of weak demand for farm real estate, some of these properties are rented until conditions improve.

Net losses and write-downs on properties sold or on hand at the end of the fiscal year amounted to \$49.0 million compared with \$27.5 million in 1984-85. This represented .98 per cent of total loans receivable as of March 31, 1986.

Operations under the Farm Syndicates Credit Act

This Act enables FCC to lend to syndicates of three or more farmers, the majority of whom are principally occupied in farming. The loans are for the shared purchase and use of farm machinery, buildings and installed equipment.

In 1985-86, 37 loans to syndicates were approved for \$1.12 million. At year end, 147 accounts were in arrears for \$1.5 million.

Capital and Money Market Borrowing

During the year, the Corporation borrowed from international capital markets to fund its lending program. Three issues were completed:

- yen 15 billion (redemption amount U.S. \$60 million) of 8 $\frac{5}{8}$ % dual currency bonds due 1990;
- \$100 million/10% notes due 1992;
- \$90 million/9 $\frac{1}{8}$ % notes due 1991.

In addition, the Corporation borrowed \$42 million from the Consolidated Revenue Fund (CRF)

Table 2

Financial characteristics of farm operations borrowing from FCC

	1985-86 (average)	1984-85 (average)
Total assets	\$529,304	\$487,749
Per cent equity	54.6	51.2
Loan approved	\$108,413	\$116,123
Loan-to-security ratio	.65	.64

repayable in 1991. The CRF and public borrowings totalled about \$316 million.

The yen proceeds from the dual currency issue and the interest due, which was payable in yen, were converted into Canadian dollars. Forward contracts converted the Corporation's liability for the payment of the aggregate redemption amount into Canadian dollars. As a result, the foreign exchange exposure created by the dual currency issue was eliminated.

The Corporation continues to make maximum use of its \$350 million short-term promissory note operation. The Corporation issues short-term notes on an ongoing basis to finance the short-term component of arrears, as well as a portion of the Shared Risk Mortgage program. In addition, the use of promissory notes provides greater flexibility in the timing of capital market issues, allowing the Corporation to take advantage of movements in interest rates throughout the year.

The promissory note program is supported by a \$210 million fully-committed standby credit facility with a Canadian chartered bank.



Credit advisor Doug Martin (left) and George Heiss Sr.: assessing farm business needs

Results of Operations

A loss of \$121.4 million was incurred compared to a loss of \$30.2 million the previous year. The larger loss in 1985-86 was attributable to a provision for loan losses of \$134.0 million compared to the provision of \$46.2 million in 1984-85.

Interest income fell 1.3 per cent to \$520.6 million while interest expenses decreased 1.1 per cent to \$474.7 million. As a result, the net interest income decreased by 2.9 per cent to \$45.9 million.

Administrative expenses were \$35.0 million, which is an increase of \$2.9 million. This compares to an increase of \$.5 million in 1984-85.

Cash flow

Since its founding, FCC's major sources of funds have been advances from the government in the form of additions to the Corporation's equity capital and long-term loans from the Consolidated Revenue Fund. An amendment to the Farm Credit Act in 1982 gave FCC the authority to borrow money, with the approval of the Minister of Finance, from sources other than the Consolidated Revenue Fund. The aggregate capital market borrowings to March 31, 1986 were about \$732 million. Debt securities issued in connection with borrowings carry the full faith and credit of Canada, and constitute direct unconditional obligations of Canada.

The Corporation used \$80.7 million in operating activities. The cash shortfall resulted from the excess cash outflow in the form of interest and administrative expenses over the cash inflow in the form of interest and other revenues. The most significant factor contributing to this cash deficit was the increase in interest arrears of \$70.2 million in 1985-86 compared to an increase of \$45.8 million last year.

The Corporation disbursed \$222.4 million in net loans to farmers, a decrease of \$35.8 million from the \$258.2 million disbursed the previous year.

Loan repayments from farmers totalled \$256.3 million, up from \$235.2 million the previous year.

Loans receivable portfolio

The Corporation's loan portfolio (see Table 5) consisted of 78,183 accounts totalling \$5.0 billion as at March 31, 1986 (see note 3 to the Financial Statements). This included \$9.0 million under the Farm Syndicates Credit Act and \$337.0 million under the Special Farm Financial Assistance Program. The portfolio also includes

loan accounts amounting to \$30.5 million arising from sales of real estate.

Allowance for loan losses

Relatively high interest rates, weak commodity prices and low land values in recent years continued to increase the probability of loan losses. While an allowance for such losses was made in the past two years, it was increased again during the 1985-86 fiscal year by \$85.0 million. (see Table 4).



Saskatchewan credit advisor Bruce Pennington and the Bunnell family: studying financial projections

Table 3
Loans approved by province
(Farm Credit Act)

	1985-86		1984-85	
	Number	Net Amount (\$000)	Number	Net Amount (\$000)
British Columbia	66	8,729	60	7,082
Alberta	361	39,142	376	45,608
Saskatchewan	1,001	101,100	969	100,480
Manitoba	135	12,042	188	18,405
Ontario	425	54,020	513	70,396
Quebec	173	12,762	85	6,745
New Brunswick	70	6,536	64	5,428
Nova Scotia	0	0	1	95
Prince Edward Island	42	3,025	48	3,399
Newfoundland	5	327	12	1,110
Canada	2,278	237,683	2,316	258,748

Table 4
Allowance and provision for loan losses (\$ millions)

	85-86	84-85	83-84	82-83	81-82
Allowance for loan losses at the beginning of the year	105.4	86.7	34.7	11.0	5.3
Actual losses on loans and write-downs of acquired real estate during the year	(49.0)	(27.5)	(13.7)	(8.1)	(3.0)
	56.4	59.2	21.0	2.9	2.3
Estimated allowance required at year-end	190.4	105.4	86.7	34.7	11.0
Provision for loan losses (expenses)	134.0	46.2	65.7	31.8	8.7

Table 5
Loans receivable portfolio as at March 31, 1986
(in thousands of dollars)

	Number	Principal Not Due	Arrears	Accrued Interest	Amounts Held for Future Instalments	Net Total
<i>Loans to farmers (F.C.A.)</i>						
British Columbia	2,385	160,000	12,639	7,940	(3,678)	176,901
Alberta	15,195	806,360	55,218	54,907	(8,072)	908,413
Saskatchewan	24,156	1,405,934	74,728	94,151	(12,339)	1,562,474
Manitoba	7,612	395,754	26,465	20,797	(4,568)	438,448
Ontario	18,337	1,240,170	59,291	51,051	(19,208)	1,331,304
Quebec	7,321	412,984	10,675	17,347	(2,722)	438,284
New Brunswick	912	53,558	2,467	2,725	(965)	57,785
Nova Scotia	119	5,162	230	182	(134)	5,440
P.E.I.	927	45,413	2,914	2,562	(509)	50,380
Newfoundland	120	9,159	627	409	(216)	9,979
Canada	77,084	4,534,494	245,254	252,071	(52,411)	4,979,408
<i>Loans to farm syndicates (F.S.C.A.)</i>						
British Columbia	11	166	39	8	0	213
Alberta	85	1,193	395	107	(47)	1,648
Saskatchewan	44	542	110	39	(6)	685
Manitoba	93	668	364	50	(17)	1,065
Ontario	145	1,711	308	97	(31)	2,085
Quebec	189	2,408	199	127	(16)	2,718
New Brunswick	17	292	38	12	0	342
Nova Scotia	2	39	0	4	0	43
P.E.I.	6	65	3	4	(2)	70
Newfoundland	3	139	0	4	0	143
Canada	595	7,223	1,456	452	(119)	9,012
<i>Loans receivable from real estate sales (F.C.A.)</i>						
British Columbia	25	2,036	32	88	(30)	2,126
Alberta	43	1,920	194	118	(11)	2,221
Saskatchewan	1	42	0	2	0	44
Manitoba	36	2,090	127	127	(13)	2,331
Ontario	267	15,394	789	756	(105)	16,834
Quebec	105	5,178	40	250	(17)	5,451
New Brunswick	11	474	7	34	0	515
Nova Scotia	3	65	0	3	(2)	66
P.E.I.	9	462	1	47	0	510
Newfoundland	4	365	9	14	(8)	380
Canada	504	28,026	1,199	1,439	(186)	30,478
Total	78,183	4,569,743	247,909	253,962	(52,716)	5,018,898

Management's Responsibility for Financial Statements

The accompanying financial statements of Farm Credit Corporation and all information in this annual report are the responsibility of management and have been approved by the Board of Directors. The financial statements include some amounts that are necessarily based on management's best estimates and judgement.

The financial statements have been prepared by management in accordance with accounting principles which are generally accepted in Canada and which have been consistently applied. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. The system of internal controls is augmented by internal audit which conducts periodic reviews of different aspects of the Corporation's operations. In addition, the internal and external auditors have full and free access to the Audit Committee of the Board, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

These financial statements have been independently examined by the Corporation's auditor, the Auditor General of Canada, and his report is included herein.



Eiliv H. Anderson
*Chairman and
Chief Executive Officer*



William G. Mann, C.A.
*Comptroller and
Chief Financial Officer*

Auditor's Report

The Honourable John Wise, P.C., M.P.
Minister of Agriculture

I have examined the balance sheet of Farm Credit Corporation as at March 31, 1986 and the statements of operations and deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part XII of the Financial Administration Act and regulations, the Farm Credit Act and the by-laws of the Corporation.



Kenneth M. Dye, F.C.A.
Auditor General of Canada

Ottawa, Canada
June 12, 1986

Farm Credit Corporation
Balance Sheet
as at March 31, 1986

	1986 (in thousands of dollars)	1985
Assets		
Cash and short-term investments	\$ 112,348	\$ —
Accounts receivable	192	92
Loans receivable (Note 3)	5,018,898	4,992,728
Less: Allowance for loan losses (Note 4)	190,400	105,400
	4,828,498	4,887,328
Real estate	45,805	26,987
Fixed assets	1,983	1,738
Unamortized debt issue expenses	26,210	24,084
	<u>\$5,015,036</u>	<u>\$4,940,229</u>
Liabilities		
Bank indebtedness	\$ —	\$ 161
Accounts payable and accrued liabilities	6,842	6,223
Short-term notes	237,497	97,333
Provision for employee termination benefits	4,583	2,844
Loans payable (Note 5)	4,758,415	4,704,563
	5,007,337	4,811,124
Equity of Canada		
Contributed capital (Note 6)	218,333	218,333
Deficit	210,634	89,228
	7,699	129,105
	<u>\$5,015,036</u>	<u>\$4,940,229</u>

The accompanying notes are an integral part of the financial statements.

Approved by the Board:



Eiliv H. Anderson
Chairman and
Chief Executive Officer



Paul Babey
Vice-Chairman and
Chief Operating Officer

Farm Credit Corporation
Statement of Operations and Deficit
for the year ended March 31, 1986

	1986 (in thousands of dollars)	1985 (in thousands of dollars)
Interest income		
Loans receivable	\$509,497	\$514,411
Investments	11,098	12,851
	<u>520,595</u>	<u>527,262</u>
Interest expense		
Loans payable	452,978	466,671
Short-term notes	21,727	13,311
	<u>474,705</u>	<u>479,982</u>
Net interest income	<u>45,890</u>	<u>47,279</u>
Provision for loan losses	133,972	46,271
	<u>(88,082)</u>	<u>1,008</u>
Fees and other income	1,637	901
	<u>(86,445)</u>	<u>1,909</u>
Administrative expenses		
Salaries and employee benefits	26,298	23,971
Travel	2,494	2,181
Office accommodation	2,429	2,351
Other	3,740	3,571
	<u>34,961</u>	<u>32,073</u>
Loss for the year	<u>121,406</u>	<u>30,171</u>
Deficit at beginning of the year	89,228	59,051
Deficit at end of the year	<u>\$210,634</u>	<u>\$ 89,221</u>

The accompanying notes are an integral part of the financial statements.

Farm Credit Corporation
Statement of Changes in Financial Position
for the year ended March 31, 1986

	1986 (in thousands of dollars)	1985
Cash provided by (used in) operating activities:		
Loss for the year	(\$121,406)	(\$30,178)
Items not involving cash		
Provision for loan losses	133,972	46,278
Losses on loans receivable	(14,660)	(7,283)
Write-down and losses on real estate	(34,312)	(20,245)
Increase in interest due on loans receivable	(70,159)	(45,754)
Net change in accrued interest	3,800	(32,458)
Other	2,008	(1,506)
	(100,757)	(91,146)
Loans to farmers	(222,447)	(258,193)
Loans receivable repaid	256,286	235,247
Increase in real estate	(18,818)	(12,686)
Other	5,073	4,571
Cash used in operating activities	(80,663)	(122,207)
Cash provided by (used in) financing activities:		
Loans from Canada	42,500	667,200
Loans repaid to Canada	(256,868)	(867,025)
Loans from Capital Markets	273,459	167,543
Debt issue expenses	(6,083)	(12,233)
Net increase in short-term notes	140,164	97,333
Capital contributed by Canada	—	28,400
Cash provided by financing activities	193,172	81,218
Net increase (decrease) in cash and short-term investments	112,509	(40,989)
Cash and short-term investments (bank indebtedness)		
at beginning of year	(161)	40,828
Cash and short-term investments (bank indebtedness)		
at end of year	\$112,348	(\$161)

The accompanying notes are an integral part of the financial statements.

Farm Credit Corporation

Notes to Financial Statements

March 31, 1986

1. The Corporation

Farm Credit Corporation was established in 1959 by the Farm Credit Act as the successor to the Canadian Farm Loan Board and is a Crown corporation named in Schedule C, Part I of the Financial Administration Act. The Corporation's prime objective is to assist Canadian farmers to establish and develop viable farm enterprises through the use of long-term credit as provided for by the Farm Credit Act.

The Corporation also administers the lending program authorized under the Farm Syndicates Credit Act which was originally introduced as the Farm Machinery Syndicates Credit Act in 1964. It provides for loans to groups or syndicates of farmers organized to share in the purchase and use of farm machinery, buildings and installed equipment.

Under the provisions of the Farm Credit Act, the Corporation is also required to administer certain programs assigned to it by the Government. The Corporation extended credit under the Special Farm Financial Assistance Program, a temporary program which expired in June 1984, introduced to assist farmers in financial difficulty.

2. Significant accounting policies

(a) Allowance for loan losses

The allowance for loan losses relates to loans receivable and represents an estimate of future probable losses on the accounts outstanding at the end of the year. With respect to this estimate, the Corporation recognizes that future economic and agricultural conditions are not predictable and, therefore, their impact on the collectability of loans is uncertain.

Actual losses on loans and write-downs of acquired real estate to net realizable value are charged to the allowance while recoveries of loan losses are credited to the allowance. The adjustment of the allowance to the appropriate level is charged to operations as a provision for loan losses.

(b) Revenue recognition

Interest income is recorded on an accrual basis. Interest is not accrued on non-performing loans, which are defined as those where there is reasonable doubt as to collectability and are under legal recovery action.

Loan application fees are recorded when received. Appraisal fees withheld from loan funds are recorded at the time the loans are disbursed. Partial discharge fees are recorded when the discharge occurs.

Service charges earned on loans to farm syndicates are recorded when loans are disbursed.

Penalties charged on loan prepayments are recorded at the time the prepayments are applied as a reduction of loan principal.

Fees relating to mortgage assumptions, exchange of securities and renewal of term mortgages are recorded when the related mortgage documents are prepared.

(c) Real estate

Real estate is carried at the lower of cost and net realizable value. It represents farm property acquired in the process of administering the outstanding loans receivable and must be disposed of within five years of acquisition or such further period as the Governor in Council may prescribe.

(d) Fixed assets

Fixed assets are recorded at cost less accumulated depreciation. Leasehold improvements are amortized using the straight-line method over the term of the lease and one renewal period. Computer hardware and software are depreciated using the straight-line method over their estimated useful lives. Other fixed assets are depreciated using the diminishing balance method at annual rates of 20% for furniture and equipment and 30% for automobiles.

(e) Debt issue expenses

Discounts and expenses relating to the issuance of debt are amortized on a straight-line basis over the life of the debt and included in interest expense on loans payable.

(f) Translation of foreign currencies

Loans payable in foreign currencies are hedged by currency conversion agreements and are translated into Canadian dollars at the rates provided therein. The differences between the ultimate amounts payable at the contracted rates and the cash proceeds of the debt issues are considered to be financing costs and are therefore amortized by charges to interest expense over the lives of the obligations on a straight-line basis. The unamortized portion of these costs is included with unamortized debt issue expenses in the balance sheet. The related interest payable in foreign currencies on these debt issues is also hedged by currency conversion agreements and is translated into Canadian dollars at such contract rates.

(g) Pension plan

The Corporation's employees participate in the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are made equally by both employees and the Corporation, and these contributions in respect of current service are expensed during the year in which the services are rendered.

(h) Employee termination benefits

On termination of employment, employees of the Corporation are entitled to severance benefits provided for under their terms of employment. The liability for these benefits is recorded as the benefits accrue to the employees.

(i) Income taxes

The Corporation records income taxes on the tax allocation basis which recognizes the income tax effect on transactions when they are recorded in accounting income, regardless of when such items are recognized for tax purposes.

Farm Credit Corporation
Notes to Financial Statements
March 31, 1986

3. Loans receivable

	Maturities not exceeding	Annual interest rate %	1986 (in thousands of dollars)	1985
Loans to farmers, secured by mortgages	25 years	5- 7 $\frac{7}{8}$	\$ 614,034	\$ 671,919
	26 years	8-10 $\frac{7}{8}$	1,825,680	1,898,708
	26 years	11-12 $\frac{7}{8}$	1,662,452	1,730,870
	27 years	13-16 $\frac{3}{4}$	877,242	654,699
			4,979,408	4,956,196
Loans to farm syndicates, secured by notes	15 years	6 $\frac{1}{4}$ -17 $\frac{1}{2}$	9,012	11,512
Loans receivable from real estate sales, secured by agreements for sale or mortgages	26 years	5-15 $\frac{3}{4}$	30,478	25,020
			\$5,018,898	\$4,992,728

Maturities by fiscal year are as follows:

	1986 (in thousands of dollars)	1985
1986	\$ —	\$ 502,998
1987	578,077	138,036
1988	139,920	148,228
1989	149,770	158,937
1990	160,017	170,538
1991	171,437	182,709
1992 through 2013	3,819,677	3,691,282
	\$5,018,898	\$4,992,728

At March 31, 1986 accrued interest of \$254.0 million (1985 — \$263.0 million) and arrears of \$247.9 million (1985 — \$164.2 million) are included in loans receivable and shown as maturing in the year ending March 31, 1987. During the year, interest not recognized on non-performing loans amounted to \$5.4 million.

Prepayments of principal from farmers of \$106.3 million (1985 — \$101.6 million) were received during the year.

4. Allowance for loan losses

The allowance for loan losses at March 31, 1986 reflects the Government's \$20 million commitment to reduce the impact of future probable loan losses on the Corporation. This \$20 million commitment was made in the February 26, 1986 Budget as part of the Federal Government's Farm Financial Assistance package.

Farm Credit Corporation
Notes to Financial Statements
March 31, 1986

5. Loans payable

	Maturities not exceeding	Annual interest rate %	1986 (in thousands of dollars)	1985 (in thousands of dollars)
Loans from Canada, secured by notes				
Farm Credit Act	11 years	5- 7 $\frac{7}{8}$	\$ 625,951	\$ 731,478
	15 years	8-10 $\frac{7}{8}$	1,529,561	1,552,067
	16 years	11-12 $\frac{7}{8}$	1,730,977	1,815,966
			3,886,489	4,099,511
Farm Syndicates Credit Act	8 years	9 $\frac{3}{4}$ -16 $\frac{1}{2}$	9,172	10,518
			3,895,661	4,110,029
Loans from capital markets, secured by notes				
Farm Credit Act	10 years	8 $\frac{3}{4}$ -12 $\frac{1}{4}$	735,312	461,575
Amounts owing in respect of interest rate and currency conversion agreements	10 years	8 $\frac{3}{4}$ -11	11,290	11,568
			4,642,263	4,583,172
Accrued interest			116,152	121,391
			\$4,758,415	\$4,704,563

Maturities by fiscal year are as follows:

	1986 (in thousands of dollars)	1985 (in thousands of dollars)
1986	\$ —	\$ 318,260
1987	327,854	191,198
1988	211,885	187,990
1989	230,534	203,330
1990	861,462	830,468
1991	460,136	382,667
1992 through 2004	2,666,544	2,590,645
	\$4,758,415	\$4,704,563

At March 31, 1986 accrued interest of \$116.2 million (1985 – \$121.4 million) is shown as maturing in the year ending March 31, 1987.

The Corporation has received blanket approval from Treasury Board Canada to borrow an amount not exceeding \$601 million from the capital markets during the year ending March 31, 1987. Individual approval is required from the Minister of Finance for each borrowing.

Farm Credit Corporation
Notes to Financial Statements
March 31, 1986

6. Contributed capital

The contributed capital of the Corporation represents the amount received from Canada under section 12 of the Farm Credit Act. The statutory limit on this amount is \$225.0 million (1985 – \$225.0 million). During the year, no capital (1985 – \$28.4 million) was contributed by Canada.

7. Income taxes

At March 31, 1986 the Corporation has available various timing differences of approximately \$186.0 million which have not been recognized in the accounts and which result primarily from differences between the provision for loan losses charged to operations and the amount claimed for tax purposes pursuant to Section 33 of the Income Tax Act.

8. Limits on borrowing

The Farm Credit Act limits the aggregate amount outstanding of the principal borrowings by the Corporation pursuant to the Act to twenty-five times the capital of the Corporation. At March 31, 1986 the Corporation's outstanding borrowings under this Act, comprising short-term notes of \$237.5 million and loans payable of \$4,621.8 million, were 22.26 times the capital of \$218.3 million (1985 – 21.33 times).

The Farm Syndicates Credit Act limits the loans from Canada pursuant to the Act to twenty-five million dollars. At March 31, 1986 the Corporation's loans from Canada under this Act were \$9.2 million (1985 – \$10.5 million).

9. Commitment to farmers

As at March 31, 1986 loans to farmers approved but not disbursed amounted to \$44.3 million (1985 – \$41.2 million), most of which were approved at rates ranging from 11½% to 12½%. It is expected that the majority of these loans will be disbursed within the six-month period ending September 30, 1986 from

funds to be borrowed by the Corporation at prevailing commercial rates of interest at the time of borrowing.

10. Operating leases

The future minimum lease payments by fiscal year required under operating leases having initial non-cancellable lease terms in excess of one year are as follows:

	(in thousands of dollars)
1987	\$1,575
1988	1,102
1989	754
1990	648
1991	510
1992 and subsequent	1,803
	<hr/> \$6,392 <hr/>

These leases generally provide for the payment by the Corporation of real estate taxes and operating expenses in excess of those amounts established at the commencement of the lease term.

11. Segmented information

The Corporation operates in one business segment, providing long-term loans to Canadian farmers.

**12. Subsequent Event –
Commodity-based Loan
Program**

In the February 26, 1986 Budget, the Government directed the Corporation to establish a \$700 million loan program (up to \$300 million in 1986-87 and up to an additional \$400 million in 1987-88) to make commodity-based mortgages available to existing clients who are experiencing financial difficulty and who meet the eligibility criteria.

The Commodity-based Loan Program is expected to reduce the number of farm failures among existing borrowers by providing a financing instrument with debt obligations and payments which vary according to the ability of the farm business to pay because of variable commodity prices.

13. Comparative figures

Certain 1985 comparative figures have been reclassified to reflect the presentation adopted in 1986.

Five Year Review

Operational	85-86	84-85	83-84	82-83	81-82
<i>Total loans receivable portfolio</i>					
Number of loans receivable	78,183	79,270	80,112	77,609	74,637
Amount of loans receivable (\$000)	5,018,898	4,992,728	4,917,100	4,291,462	3,847,805
<i>Under Farm Credit Act (including Special Program)</i>					
Number of loans approved	2,278	2,316	5,738	5,509	4,948
Amount of loans approved gross (\$000)	246,965	268,941	779,007	635,568	499,782
Amount of loans approved net (\$000)	237,683	258,748	758,142	614,370	450,633
Average size of loans approved (\$)	108,413	116,123	135,763	115,369	101,007
Percentage of loans in good standing	81.9	84.7	87.6	88.9	90.6
<i>Under Farm Syndicates Act</i>					
Number of loans approved	37	63	92	84	174
Amount of loans approved (\$000)	1,119	1,584	2,855	2,289	5,569
Financial	85-86	84-85	83-84	82-83	81-82
<i>Revenues and expenses (\$000)</i>					
Interest income	520,595	527,261	487,260	397,419	337,978
Net interest income	45,890	47,279	41,440	34,036	35,220
Administrative expenses	34,961	32,086	31,643	28,233	24,350
Provision for loan losses	133,972	46,278	65,708	31,758	8,711
Net income (loss) before tax & extraordinary item	—	(30,178)	(53,395)	(24,459)	3,461
Net income (loss) for year	(121,406)	(30,178)	(56,714)	(13,208)	1,869
<i>Financial Position (\$000)</i>					
Total assets	5,015,036	4,940,229	4,901,222	4,300,126	3,853,897
Total liabilities	5,007,337	4,811,124	4,770,339	4,136,429	3,700,177
Equity of Canada	7,699	129,105	130,883	163,697	153,720
<i>Selected financial indicators</i>					
Debt-to-equity ratio (Loans payable ÷ equity)	618.06:1	36.44:1	36.38:1	25.20:1	23.98:1
Asset coverage ratio (Net tangible assets ÷ loans payable)	1.05:1	1.04:1	1.03:1	1.04:1	1.05:1
Interest coverage ratio (Total income less operating expenses ÷ interest expense)	74.42:1	.94:1	.88:1	.93:1	1.01:1
Profit margin [Net income (loss) ÷ total income]	-23.25%	-5.71%	-11.58%	-3.31%	.55%
Return on equity [Net income (loss) ÷ average equity]	-177.49%	-23.21%	-38.50%	-8.32%	1.28%



Members of the Board (left to right)*
back row: Paul Babey, George Klosler, Eiliv H. Anderson

front row: Irene Perlich, Louise Neveu**

* Gerald I. Trant was absent

** Secretary to the Board

Members of the Board

The Board of the Corporation is composed of seven members, each of whom is appointed by the Governor in Council. Members are appointed to terms of up to ten years. The Chairman and Vice-Chairman of the Board are also officers of the Corporation. The Chairman is the Chief Executive Officer and as such directs and supervises the operations of the Corporation.

Eiliv H. Anderson*
Chairman of the Board, Chairman and Chief Executive Officer

Paul Babey
Vice-Chairman of the Board, Vice-Chairman and Chief Operating Officer

George Klosler*
Tobacco, grain, ginseng and hog producer, Ontario

Irene Perlich*
Owner and manager of a cow/calf operation, Alberta

Gerald I. Trant*
Senior Assistant Deputy Minister, Agriculture Canada

Two positions were vacant at fiscal year-end.

**Note:*
Members of the Audit Committee.

Advisory Committee

The Advisory Committee is appointed by the Minister of Agriculture to advise him and the Corporation on lending policy matters. The majority of the members must be farmers or representatives of farm organizations.

Don Knoerr
British Columbia

Mack McLaughlin
Alberta

Jean-Marie Bourrée
Saskatchewan

George Vercaigne
Manitoba

Ron Oswald
Ontario

Garnet Rickard
Ontario

Noël Lamontagne
Quebec

Jeannine Caron-Giasson
Quebec

Leon Bremner
New Brunswick

Keith Barrett
Prince Edward Island

Chairmen of Appeal Boards

Appeal Boards composed of practicing farmers of proven ability and judgement are established in each province to hear appeals from farmers who are not satisfied with the Corporation's decision on their loan applications. The Appeal Boards are also available to provide third-party analysis of FCC loans under foreclosure.

E.T. (Ted) Osborn
British Columbia

Gordon Miller
Alberta

Art Missal
Saskatchewan

Robert W. Hopley
Manitoba

Edward J. Mailloux
Ontario

Robert Brochu
Quebec

W. Burris Coburn
New Brunswick

Thomas Meredith
Nova Scotia

Wilbert MacKenzie
Prince Edward Island

Colin Bull
Newfoundland

Head Office

Eiliv H. Anderson
Chairman and Chief Executive Officer

Paul Babey
Vice-Chairman and Chief Operating Officer

Gordon H. Hollingshead
Executive Director

Louise Neveu
Secretary to the Board and Director, Communications

Jean-E. Brassard
Legal Counsel

Brian Strom
Director, Lending Operations

William G. Mann
Comptroller and Chief Financial Officer

Thomas R. Robertson
Treasurer

Terry Kremeniuk
Director, Corporate Planning

Stewart Given
Director, Management Services

John J. Poirier
Director, Corporate Audit

George Pender
Chief Accountant



Legend

- Head Office
- Regional Offices
- District Offices
- Field Offices
- Major Agricultural Areas

Corporate Directory

Regional Offices	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Atlantic
Managers	George Jones* Suite 200 595 K.L.O. Road Kelowna V1Y 8E7 (604) 762-2416		Dave Fraser 500 South Broad Plaza 2045 Broad Street Regina S4P 2B7 (306) 780-5610	Russ Holm 400-5 Donald Street Winnipeg R3L 2T4 (204) 949-4039	Bob Aumell 105 Silvercreek Parkway N. Guelph N1H 7G7 (519) 821-1330	Fabien Langlois Champlain Bldg. 2700 Laurier Blvd. Ste-Foy G1V 4C7 (418) 648-3993	John van Abbema Suite 230 1133 St. George Blvd. Moncton, N.B. E1E 4E1 (506) 857-6595
	*Location: Edmonton						
District offices	Kelowna	Calgary, Grande Prairie, Lacombe, Lethbridge, Vegreville, Westlock	North Battleford, Prince Albert, Regina, Saskatoon, Swift Current, Yorkton	Brandon, Portage la Prairie, Winnipeg	Chatham, Guelph, Lindsay, Nepean, North Bay, Walkerton	Cap-de-la- Madeleine, Ste-Foy, St-Hyacinthe, St-Jean, Rock Forest	Charlottetown, Moncton
Field offices	Abbotsford, Dawson Creek, Kelowna, Prince George	Athabasca, Barrhead, Brooks, Camrose, Drumheller, Evansburg, Fairview, Falher, Hanna, High Level, Medicine Hat, Peace River, Stettler, St. Paul, Vermilion, Wainwright, Westaskiwin, Edmonton	Assiniboia, Carlyle, Humboldt, Kindersley, Meadow Lake, Moose Jaw, Rosetown, Tisdale, Weyburn, Wynyard	Arborg, Carman, Dauphin, Killarney, Morden, Neepawa, Swan River, Virden	Barrie, Campbellford, Cornwall, Essex, Goderich, Kingston, Lambeth, Listowel, New Liskeard, Owen Sound, Simcoe, Stratford, Vineland, Walkerton, Wyoming	Arthabaska, Drummondville, Granby, Hull, Joliette, Rimouski, Rivière-du-Loup, Roberval, St-Georges de Beauce, St-Jérôme, Valleyfield	Bathurst, Grand Falls, Moncton, Woodstock, Fredericton, Sussex, Kentville, Truro, Summerside, St. John's

Graphic Design

Bayne-Herrera Graphic
Communications Ltd.

Photography

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Wayne Duchart, Photography West
Alrick Huebener, FCC
Bolli Hutchinson, Photographic
Design Ltd.
Daniel Lavoie, FCC
Mario Martin
Larry Raynard, in-pro inc.

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Corporation
Canada

Société du crédit
agricole
Canada

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Farm Credit Corporation Canada

**Annual Report
1986-87**



Head Office Address

Farm Credit Corporation
434 Queen Street
Ottawa, Ontario
K1P 6J9

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*Le Rapport annuel est aussi
disponible en français*

CORPORATE PROFILE

Farm Credit Corporation (FCC) was established in 1959 as a Crown agency reporting to Parliament through the Minister of Agriculture. Its role is to provide financial services to enable Canadian farmers to establish, develop and maintain viable farm enterprises.

The Corporation makes and administers farm loans under the authority of the Farm Credit Act and the Farm Syndicates Credit Act, and administers programs as directed by the federal government.

In addition, counselling and assistance in the planning, organization and development of farm businesses are available to all applicants and borrowers.

The Corporation's head office is located in Ottawa. Its operations are decentralized into seven regional offices and 90 field and district offices serving all agricultural areas. As of March 31, 1987, FCC's total permanent staff was made up of 573 employees.

FCC employees are enthusiastic participants in agricultural community life. For them, it's an extension of their daily activities.



LETTER OF
TRANSMITTAL

The Honourable
John Wise, P.C., M.P.
Minister of Agriculture
Room 101 E.B.
House of Commons
Ottawa, Ontario
K1A 0A6

The Honourable
Robert R. de Cotret, P.C., M.P.
President of the Treasury Board
Room 333 W.B.
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Ministers:

I am pleased to submit Farm Credit Corporation's annual report for the fiscal year ended March 31, 1987.

At no time in the Corporation's history has it faced greater challenges than in the past year. The Corporation's financial results reflect the serious problems being experienced by many of its clients. FCC staff have worked long hours this year exploring ways in which the Corporation could improve its results and help its most hard-pressed clients to resolve their difficulties.

I am happy to report that we made considerable progress on both fronts, and our efforts are continuing. Your support and leadership continues to be vital to our success in meeting the challenges we face in the coming year.

Yours sincerely,



Eiliv H. Anderson
Chairman

HIGHLIGHTS

Operational	1986-87	1985-86	Change (per cent)
Number of Loans Approved			
Farm Credit Act	4,311	2,278	+ 89.2
Farm Syndicates Credit Act	44	37	+ 18.9
Amount of Loans Approved – net (\$000)			
Farm Credit Act	\$ 336,400	\$ 237,683	+ 41.5
Farm Syndicates Credit Act	\$ 1,233	\$ 1,119	+ 10.2
Average Size of Loans Approved			
Farm Credit Act	\$ 141,530	\$ 108,413	+ 30.6
Loans Receivable Portfolio			
Number of loans receivable	75,487	78,183	– 3.5
Amount of loans receivable (\$000)	\$4,961,385	\$4,984,298	–
Financial			
	1986-87 (\$000)	1985-86 (\$000)	Change (per cent)
Results of operations			
Interest income	479,107	485,974	– 1.4
Net interest income	(4,980)	11,269	– 144.2
Loss for the year	132,490	121,406	+ 9.1
Cash provided			
Capital and net loans	20,897	193,172	– 89.2
Repayments by farmers	323,198	207,201	+ 56.0
Cash used			
Loans to farmers	315,060	235,268	+ 33.9

CHAIRMAN'S REPORT



Elliv H. Anderson

The past year has been another difficult one both for Canadian agriculture and for Farm Credit Corporation. Canadian farmers had to cope with deteriorating prices for major commodities due to world surpluses, and the aggressive marketing strategies of major exporters. Increased profitability in the livestock sector, increased government payments and lower operating expenses contributed to an increase in total net farm income in 1986. However, many farmers, especially cash crop producers, continued to suffer severe cash flow shortages. With operating expenses approaching or exceeding the returns from production, many Canadian farmers were unable to generate sufficient income to service their debts.

1986-87 in Review

FCC responded to the need for financial services that are sensitive to the risks in agriculture by implementing the Commodity-based Loan Program (CBL). This program, which was announced in the February 1986 Budget, offers mortgage loans to FCC clients in financial difficulty at interest rates as low as six per cent for 10 years. To be eligible, applicants must have been FCC clients when the budget announcement was made. Under the CBL program, the principal outstanding, and the corresponding payments required are adjusted according to changes in the price of the one or two major commodities produced on the farm. This offers significant cash flow benefits to farmers with high debt loads.

Under this program, the volume of lending was close to the \$300 million that were budgeted for the first year of the program. FCC approved a total of 1,459 CBL loans for \$298.7 million, with almost 72 per cent of the approvals being made in Saskatchewan and Alberta.

Under its regular lending program, the Corporation approved a total of \$300.2 million in loans, an increase of 26 per cent over the 1985-86 level.

The Corporation was able to offer stable interest rates throughout the year. With five-year rates at 10.75 per cent, farmers in a stronger financial position were able to pursue investment opportunities.

Despite the increase in lending activity, FCC's loan portfolio decreased in size for the first time since 1959, from \$4.98 billion outstanding on 78,183 accounts as of March 31, 1986 to \$4.96 billion outstanding on 75,487 accounts one year later. This decrease is the result of the number of farm properties acquired by FCC during the year, the high rate of prepayments in Alberta due to the Alberta Farm Credit Stability Program, and the high rates of prepayments by farmers attempting to liquidate their assets and decrease their debt servicing requirements.

Arrears increased during 1986-87 from \$245 million on March 31, 1986 to \$344 million at the end of the 1986-87 fiscal year. The number of accounts in arrears increased during the same period by 4.6 per cent from 14,070 to 14,723 accounts. The increase in arrears illustrates the severity and persistence of the financial difficulties in agriculture. For many FCC clients, the situation worsened over the past year as they clearly had insufficient cash flow to meet their mortgage payments.

FCC's financial performance reflected the problems of its clients. FCC was required to make an allowance for loan losses of \$219.0 million to cover the losses anticipated on the current loan portfolio. The resulting charge to operations was the major factor in the loss on operations of \$132.5 million during the year. For the first time in its history, the Corporation ended the year with its balance

sheet showing a negative net worth. The negative net worth of \$124.8 million reflects the cumulative effect on FCC and its clients of the prolonged downturn in the farm sector since 1981.

Debt consolidation or re-scheduling can provide solutions for some farmers, but for others it is not enough. The moratorium on FCC foreclosure actions, announced in September 1985, remained in effect throughout the year allowing borrowers facing foreclosure action to remain on their farms while the government put other measures in place to provide assistance. FCC staff continued to work with these farmers, as they do with all borrowers in financial difficulty, to help them find solutions to their problems.

During the year, the federal government established the Farm Debt Review Boards to review the cases of farmers facing foreclosure action initiated by any creditor. The federal government also introduced the Canadian Rural Transition Program to provide training and relocation assistance to farmers unable to continue farming. FCC staff ensures that farmers are made aware of all federal or provincial programs which could offer some assistance.

In November 1986, the federal and provincial Ministers of Agriculture, recognizing that there were few prospects for major improvements in farm incomes before the 1990's, agreed on a national strategy to enhance the long-term viability of the farm sector. Farm financing was identified as a major element of the strategy and a key priority was to return FCC to its prominent role of providing fixed-rate financing to Canadian farmers. The Ministers also emphasized the importance of developing lending programs that would reduce farmers' vulnerability to fluctuations in interest rates and changing economic conditions.

Outlook for 1987-88

Current forecasts suggest that net farm income will increase slightly in 1987. As in 1986, government payments and improved profits in the livestock sector will be major factors in this increase. However, the outlook is not so optimistic for crop producers facing lower prices for most cash crops. This problem will be most obvious in western Canada due to the greater emphasis on grain production.

If the forecasts are correct, many farmers will need to continue cost- and risk-reducing strategies with the goal of reducing debt and building equity. Many farmers with low equity will be under pressure to consolidate their positions through partial liquidations, debt reductions, sale-lease-back arrangements, and debt refinancing. Other farmers will require the assistance of the Debt Review Boards and the Canadian Rural Transition Program as they make major changes to their operations or decide to leave farming. Lenders will concentrate efforts on administering their existing loans and will seek to reduce the risk on new lending. Farmers in strong financial positions will be able to take advantage of reduced farm asset values to expand their businesses.

There will likely be a reduced demand for credit because of the unfavourable farm income forecasts, high real interest rates, and more stringent security and cash flow requirements by lenders. However, demand for FCC loans will also depend on the willingness of provincial and commercial lenders to participate in the long-term credit market under current conditions.

There are opportunities for FCC to expand its activities in support of farmers. However, escalating arrears and loan losses and the resulting deterioration in its financial situation are affecting FCC's ability to maintain the present level of service to farmers, and its ability to develop new initiatives. The Corporation's direction in recent years has been to develop a broader range of services and greater flexibility in dealing with clients.

However, its ability to provide the level of service farmers need will depend on decisions made by the government with respect to the Corporation's financial situation. The losses incurred by FCC during the past several years demonstrate clearly that directives to lend to high risk clients have proven very costly. Although FCC has been successful in reducing the relative degree of risk associated with new loans, further losses can be expected until there is a major improvement in the cash crop sector and a corresponding improvement in real estate values.

While the federal government has demonstrated its commitment to Canadian agriculture, it is also committed to reducing the federal deficit. Limited government resources could affect the type and timing of any new initiatives to assist farmers, and affect the resolution of FCC's financial situation.

Recent government direction has indicated that the Corporation must work towards the development and implementation of a financial recovery plan focussing on measures leading to the restoration of financial self-sufficiency, and actions to minimize operating losses.

To cover these losses, FCC could charge higher interest rates on new loans. Over the long term, it could also improve the quality of its loan portfolio by lending only to low risk clients in competition with the commercial sector. However, if FCC is required to take substantial risks in its lending programs, and to generate sufficient revenue to cover all costs, the Corporation must have an appropriate financial structure. If FCC is to provide lower interest rates and other program benefits to its clientele, this must also be clearly enunciated and appropriate compensation or cost recovery mechanisms put in place.

Although Farm Credit Corporation faces many challenges in the year ahead, it remains firm in its commitment to provide Canadian farmers with financial services that enable them to develop and maintain viable farm businesses. New program initiatives and new financing alternatives must continue to be developed to meet the agricultural challenges of the 1990's. The availability of adequate farm credit will be crucial to support the significant efforts of the government to assist and support agriculture. In the year ahead, the dedicated staff of Farm Credit Corporation will continue to work with farmers, policy makers, farm organizations and other lenders to ensure that FCC makes its maximum contribution to Canadian agriculture.



Canadian farms are typically family owned and operated businesses. Over the years, Farm Credit Corporation has helped more than 230,000 farmers to establish themselves in the industry.

1986-87 OBJECTIVES AND PERFORMANCE

The following shows the actual performance and results achieved during the year for the objectives and financial targets set out in the 1986-87 Corporate Plan.

Objective 1

Financial Services

To amend and develop programs to meet the expected needs of the farm sector.

During the year, the Corporation implemented the Commodity-based Loan Program. Although the program was considered complex, FCC was able to approve \$298.7 million of the \$300 million budgeted for the year.

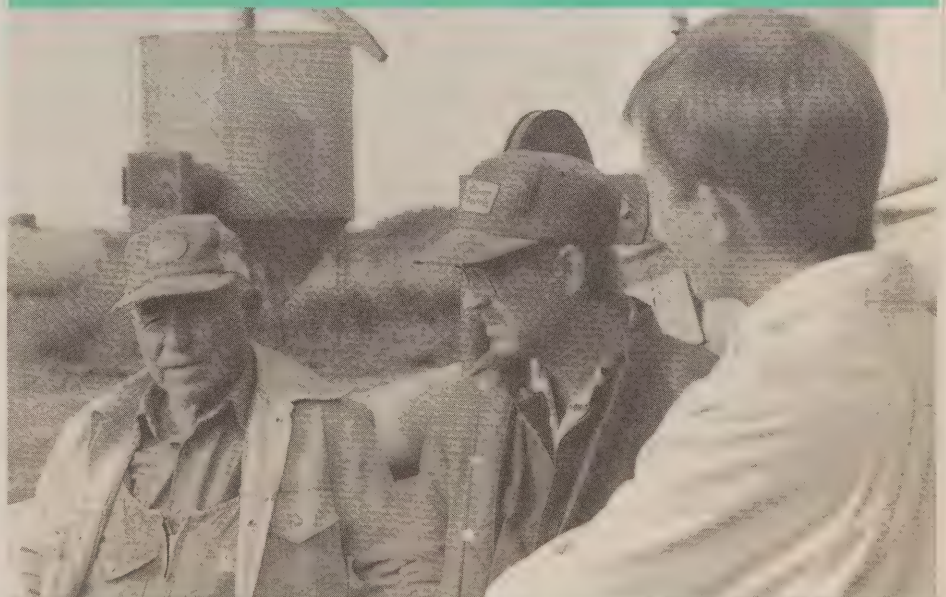
FCC developed a set of principles to guide its participation in the Farm Debt Review process. These principles were developed to ensure equitable treatment of FCC borrowers who choose to participate in that process.

The Corporation continued to work on the concept of equity financing as an alternative for capitalizing agriculture. Interest has been shown in the concept by the federal and provincial governments, farmers, farm groups and other lenders. Further development of the concept is required.

Early in the fiscal year, an agreement was reached with the Yukon government which has made it possible for Farm Credit Corporation to expand its services into the territory. Prior to the agreement, FCC loans could be secured only by a mortgage on

land to which the borrower had title. Since most of the land in the Yukon is Canada Crown land, farmers can't get title until certain development requirements are met. Under the new agreement, the Corporation is able to make loans on land held by an Agreement for Sale between the Yukon government and the farmer. During 1986-87, FCC approved six loans valued at \$337,600 for Yukon farmers.

Credit advisors make frequent farm visits both to counsel clients, and to maintain a first-hand knowledge of conditions in the farming community.



Objective 2

Employee Commitment

To attract, maintain and motivate competent and innovative staff.

The Corporation believes in the importance of having an environment that encourages participation, innovation, and communication. This, combined with the desire to recognize the abilities of FCC employees, forms the basis for this objective. Specific actions taken during the year which show a commitment to this philosophy include:

- the majority of position selections were made from within the staff complement;
- an increased number of employees from all groups participated in task forces and special committees internal and external to the Corporation;
- head office services have been reorganized to improve work flow and communication; and
- there has been increased delegation of responsibilities to frontline positions.

The Corporation improved its policies on official languages and established linguistic profiles to indicate the levels of language proficiency needed for all staff positions to meet client and corporate needs. The Corporation also took steps to ensure that its employment equity policies and reporting procedures will identify and eliminate systemic disadvantages in employment and allow equitable participation by under-represented groups in employment and career advancement opportunities.

The Corporation implemented a human resources data base to provide up-to-date information on employee profiles and to assist in planning and employment policy decision making. Support staff were provided with more training and development opportunities during the year, and FCC's rapidly changing environment prompted

many to take advantage of assertiveness and stress management courses. Computer applications, appraisal techniques and client counselling and problem solving were other areas where staff received extensive training. The Corporation also re-activated its educational leave program to provide opportunities for staff wishing to pursue advanced studies.

Group benefit programs were reviewed and retendered to ensure competitive, comprehensive and cost-effective coverage for all FCC employees, including for the first time, continuing employees working less than the standard work week. The retendering also resulted in some cost savings for the Corporation.

Many FCC offices were declared non-smoking areas because of the long-term benefits to employees and to the Corporation.

Objective 3

Operating Performance

To administer public funds in line with the longer-term objective to achieve a return on capital.

Specific goals were:

a) To achieve an average nominal interest margin of 1.75 per cent on 1986-87 lending;

The nominal margin rate is the spread between the weighted average lending rate for the year and the weighted average cost of funds borrowed to match the loan terms. Due to favourable conditions at the time of borrowing, the Corporation was able to achieve a 1.87 per cent margin which was 0.12 per cent over the 1.75 per cent budgeted for the fiscal period.

b) To manage the level of risk on 1986-87 lending by limiting future losses to 3.50 per cent of the amount loaned;

For the fiscal year 1986-87, the expected loss was 2.24 per cent of loans approved. This was 36 per cent under the target of 3.50 per cent. This reduction in

the expected loss resulted from a corporate strategy to reduce the risk of losses to the lowest level possible while still meeting the needs of farmers. A monthly risk monitoring program allowed management to control the types of loans approved to minimize the risk of losses.

c) To reduce salary expense by two per cent from the 1985-86 salary budget;

Actual salary expense for 1986-87 was 3.3 per cent lower than the 1985-86 budget.

d) To control administrative expenses at a ratio not exceeding .73 per cent of average loans receivable;

Administrative expenses as a percentage of average loans receivable were actually .72 per cent for 1986-87.

Objective 4

Decision Support

To study, develop and implement improvements to management practices and to operate in a professional manner.

The Corporation restructured several of its functional areas during the past year. Alberta and British Columbia were combined under one manager and some functions in head office and the regions were realigned. These changes are expected to result in greater operational efficiency.

The Corporation also made improvements to its management information systems including the completion of a comprehensive data base combining financial and lending information. A computer network system was installed in regional offices and microcomputers were placed in many field offices. These changes will enable FCC to provide better service to its clients through aids such as computer-based farm financial analysis.

1987-88 OBJECTIVES

Objective 1

Service to Farmers

To meet the financial needs of Canadian farmers by amending, developing and delivering programs and services appropriate to present and future circumstances in the farm sector.

Objective 2

Human Resources

To be considered consistently one of the most progressive organizations to work for in Canada.

Objective 3

Organizational Structure

To organize, structure and operate at maximum effectiveness.

Objective 4

Financial Performance

To optimize the Corporation's financial performance by applying sound business principles and practices.



The Corporation is committed to providing employees with the training they need to do the best job possible. During the last two years, employees who deal with farmer-clients have taken part in client counselling and problem solving courses offered within each region through FCC's Human Resources Division.



REVIEW OF OPERATIONS

Lending under the Farm Credit Act

As economic conditions in the farming sector have deteriorated, the risks associated with operating a farm business have increased. In the last several years, Farm Credit Corporation has responded by introducing new and innovative lending programs to help clients overcome their financial problems. These have been offered in addition to FCC's regular loans and its Section 33 loans to beginning or phase-in farmers.

Two years ago the Corporation began offering Shared Risk Mortgages under which the borrower and FCC share the costs or benefits of fluctuating interest rates. During 1986-87, Commodity-based Loans (CBL) were added to FCC's lending programs on a two-year trial basis. In the first year, the Corporation had authorization to lend up to \$300 million under the CBL program. At year end, \$298.7 million had been approved for 1,459 FCC clients.

Loan Approvals

During 1986-87, the Corporation approved 4,311 loans for a net amount of \$336.4 million. This excludes the amount for refinancing existing FCC loans under the Commodity-based Loan program.

The Corporation offered loans with five, 10, and 15 or more years fixed-interest terms, or six years for the Shared Risk option. Loans under Section 33 for beginning or phase-in farmers were for five-year terms, and Commodity-based Loans were for 10-year terms. Of the loans approved, 30.6 per cent were for five-year terms, 41.5 per cent were for 10 years, 18.7 per cent were for 15 or more years, and 9.2 per cent were Shared Risk Mortgages. Section 33 loans accounted for 7.5 per cent of the five-year mortgages, and 81.6 per cent of 10-year terms were Commodity-based Loans.

Purposes of Loans

The purposes for which loan funds were used during this fiscal year showed a marked shift towards the repayment of land-secured debts. This was largely due to the introduction of Commodity-based Loans which were available only to FCC clients wanting to refinance their loans. (see Table 1) The purposes for which regular loans were used were similar to previous years with a small increase in the amounts used to repay land-secured debts and other debts.

Characteristics of Borrowers

The average asset level of FCC borrowers with regular loans increased in 1986-87 to \$577,048 compared to \$529,304 the previous year. As well, the average equity level increased to 55.9 per cent from 54.6 per cent in 1985-86. The average loan-to-security ratio was .60:1. For every dollar borrowed, clients pledged an average of \$1.67 in assets.

Borrowers under the Commodity-based Loan Program had assets averaging \$516,175, equity of 33.6 per cent, and average loan-to-security ratios of .69:1.

Farmers under 35 years of age accounted for 53.7 per cent of the loans compared to 59.5 per cent in 1985-86.

Farm Financial Management

Counselling in farm planning and financial organization, and referrals to other federal and provincial agencies was available to all applicants. As of March 31, 1987, 2,666 farmers, compared to 3,179 last year, were taking advantage of the Advisory Services program offered by the Corporation. However, this decrease does not reflect the increased level of counselling that the Corporation was involved in with clients in financial difficulty.

Table 1
Purposes for which loans were approved

	1986-87 (per cent)	1985-86 (per cent)
New units	7.0	18.8
Additional land	17.7	36.8
Repayment land-secured debts	54.0	15.2
Repayment other debts	11.3	13.3
Permanent improvements	4.7	7.5
Equipment	0.8	1.7
Livestock	0.7	1.0
Miscellaneous	3.8	5.7

Table 2
Financial characteristics of farm operations borrowing from FCC

	1986-87 (average)	1985-86 (average)
Total assets	\$556,427	\$529,304
Per cent equity	48.9	54.6
Loan approved	\$141,530	\$108,413
Loan-to-security ratio	.64	.65

Table 3
Loans approved by province (Farm Credit Act)

	1986-87		1985-86	
	Number	Net Amount (\$000)	Number	Net Amount (\$000)
British Columbia	194	26,458	66	8,729
Alberta	616	33,265	361	39,142
Saskatchewan	1,767	113,769	1,001	101,100
Manitoba	360	28,108	135	12,042
Ontario	666	78,156	425	54,020
Quebec	598	46,806	173	12,762
New Brunswick	62	5,695	70	6,536
Nova Scotia	7	862	0	0
Prince Edward Island	32	2,901	42	3,025
Newfoundland	9	380	5	327
Canada	4,311	336,400	2,278	237,683

Life Insurance

The group life insurance offered by FCC remained popular in 1986-87, with 70.1 per cent of loans approved being fully or partially covered.

Loan Administration

At year-end 80.5 per cent of accounts were in good standing, versus 81.9 per cent on March 31, 1986. Arrears, excluding accounts with less than \$500 in arrears, were up 40.1 per cent from last year, at \$343.4 million. This represented 6.9 per cent of the Corporation's total loan portfolio.

The amount of arrears represented a difficult problem for the Corporation. Field staff spent considerable amounts of time helping borrowers to find solutions before their arrears became unmanageable. However, with the deterioration in commodity prices, options were limited in many cases.

Appeal Boards reviewed the cases of 98 farmers. Their recommendations resulted in modifications of FCC's actions in nine cases during this year.

The moratorium on foreclosures by Farm Credit Corporation continued through this year. FCC acquired 294 properties in 1986-87 compared to 324 last year. Fifty-six farms were sold under power of sale. The Corporation sold 187 properties to which it held title and had 476 properties left on hand as of March 31, 1987.

Net losses and write-downs of value on properties sold, or owned at the end of the year, amounted to \$35.1 million compared to \$49.0 million in 1985-86.

Lending under the Farm Syndicates Credit Act

In this fiscal year, 44 loans for \$1.2 million, were approved to syndicates of three or more farmers, the majority of whom were principally occupied in farming. These loans were for the shared purchase and use of farm machinery, buildings and installed equipment. As of March 31, 1987, 126 accounts were in arrears for \$1.6 million, compared to 147 accounts, for \$1.5 million in 1985-86.

The volume of loans under this Act will continue to be low until the Act is modified. The present maximum amount that can be approved is inadequate given current machinery values.

Capital and Money Market Borrowing

During the year, the Corporation raised long-term funds on five occasions both to finance its lending programs and to restructure its balance sheet to strengthen the matching of its assets and liabilities. Five issues were completed:

- US \$100 million 7¾% notes due 1996
- Yen 7.66 billion 6.4% loan due 1991
- Cdn \$100 million 9% notes due 1991
- US \$100 million 7½% notes due 1993
- US \$100 million 7½% notes due 1996

The total amount borrowed represents the equivalent of \$580 million (Cdn).

The Corporation makes every effort to match the term and liquidity features of its assets and liabilities. It manages the risks inherent in any mismatches by eliminating or monitoring them.

The foreign currency proceeds of the bond issues were converted into Canadian dollars. Forward contracts converted the Corporation's liability for the payment of the aggregate redemption amount into Canadian dollars. As a result, the foreign exchange exposure created by the foreign currency issues was eliminated.

The Corporation continued to make maximum use of its short-term promissory note operation. The Corporation issued short-term notes on an on-going basis to finance its short-term needs as well as to fund a portion of the Shared Risk Mortgage program. In addition, the use of promissory notes provided greater flexibility in the timing of capital market issues, allowing the Corporation to take advantage of movements in interest rates throughout the year.

Debt securities issued in connection with borrowings carry the full faith and credit of Canada, and constitute direct unconditional obligations of Canada.

This past fall FCC established a promissory note facility in London, England, to tap new sources of funds. This European market should be beneficial in the funding of requirements with terms of six months to one year.

The promissory note program was supported by a \$210 million fully-committed standby credit facility with a Canadian chartered bank.



It takes courage and commitment to be a farmer. Those who are succeeding and who will succeed in the future are those who make sound financial management their top priority.

FINANCIAL REVIEW

Results of operations

A loss of \$132.5 million was incurred compared to a loss of \$121.4 million during 1985-86. The deterioration in performance in 1986-87 was attributable, to a great extent, to a reduction in interest income of \$6.9 million and an increase in interest expenses of \$9.4 million.

Interest income fell 1.4 per cent to \$479.1 million. This decrease is mainly due to a higher level of non-performing loans. Interest expenses increased 2.0 per cent to \$484.1 million. As a result, net interest income decreased by 144.2 per cent to negative \$5.0 million.

Reflecting the 1986-87 net loss, the Corporation's accumulated deficit at March 31, 1987, totalled \$343.1 million. This deficit together with the contributed capital of \$218.3 million resulted in a negative equity position of \$124.8 million. Consistent with the circumstances, the Corporation is preparing a financial recovery plan for consideration by the Government.

Administrative expenses were \$33.1 million which is a decrease of \$1.9 million from \$35.0 million in the previous year.

Cash flow

The Corporation had a net requirement of \$44.8 million for the financing of its operating activities.

Loans receivable portfolio

The Corporation's loan portfolio (see Table 4) consisted of 75,487 accounts totalling \$4.96 billion as at March 31, 1987 (see note 3 to the Financial Statements). This included \$7.6 million under the Farm Syndicates Credit Act and \$30.4 million under the Special Farm Financial Assistance Program. The portfolio also includes loan accounts amounting to \$35.7 million arising from sales of real estate.

Allowance for loan losses

Weak commodity prices and decreased land values in recent years continue to increase the probability of loan losses. While an allowance for such losses was made in the past two years it was necessary to increase it further in 1986-87 from \$155.8 million to \$219.0 million (see Table 5).

Counselling before and after the approval of a loan can help borrowers to make the best decisions for their operation.



Table 4
Loans receivable portfolio as at March 31, 1987 (in thousands of dollars)

	Number	Principal Not Due	Arrears	Accrued Interest	Amounts Held for Future Instalments	Net Total
Loans to farmers (F.C.A.)						
British Columbia	2,325	167,653	15,582	3,667	(4,257)	182,645
Alberta	13,351	695,269	73,574	29,161	(6,417)	791,587
Saskatchewan	24,106	1,463,737	117,431	69,729	(11,143)	1,639,754
Manitoba	7,484	392,915	38,906	8,875	(4,463)	436,233
Ontario	17,923	1,228,282	79,712	22,327	(21,155)	1,309,166
Quebec	7,187	417,239	10,702	10,566	(3,439)	435,068
New Brunswick	920	54,824	3,002	652	(1,151)	57,327
Nova Scotia	109	5,470	273	369	(213)	5,899
P.E.I.	901	44,596	3,816	2,484	(592)	50,304
Newfoundland	115	9,226	862	185	(134)	10,139
Canada	74,421	4,479,211	343,860	148,015	(52,964)	4,918,122
Loans to farm syndicates (F.S.C.A.)						
British Columbia	10	111	44	6	0	161
Alberta	59	699	396	60	(25)	1,130
Saskatchewan	39	500	180	31	0	711
Manitoba	75	615	362	37	(16)	998
Ontario	117	1,293	311	71	(17)	1,658
Quebec	150	1,942	232	96	(16)	2,254
New Brunswick	19	309	48	13	0	370
Nova Scotia	1	18	0	2	0	20
P.E.I.	3	48	3	3	(2)	52
Newfoundland	5	211	0	8	0	219
Canada	478	5,746	1,576	327	(76)	7,573
Loans receivable from real estate sales (F.C.A.)						
British Columbia	35	2,524	113	113	(32)	2,718
Alberta	50	2,340	57	137	(20)	2,514
Saskatchewan	2	91	0	3	0	94
Manitoba	39	2,243	227	133	(5)	2,598
Ontario	309	17,894	928	852	(178)	19,496
Quebec	122	6,202	96	306	(50)	6,554
New Brunswick	14	700	19	42	(11)	750
Nova Scotia	4	87	0	4	(2)	89
P.E.I.	9	435	31	45	0	511
Newfoundland	4	348	13	13	(8)	366
Canada	588	32,864	1,484	1,648	(306)	35,690
Total	75,487	4,517,821	346,920	149,990	(53,346)	4,961,385

Table 5
Allowance and provision for loan losses (\$ millions)

	86-87	85-86	84-85	83-84	82-83
Allowance for loan losses at the beginning of the year	155.8	105.4	86.7	34.7	11.0
Actual losses on loans and write-downs of acquired real estate during the year	(35.1)	(49.0)	(27.5)	(13.7)	(8.1)
	120.7	56.4	59.2	21.0	2.9
Estimated allowance required at year-end	219.0	155.8	105.4	86.7	34.7
Provision for loan losses (expenses)	98.3	99.4	46.2	65.7	31.8

To remain competitive, farmers will have to be ready to adapt quickly to changing conditions.



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of Farm Credit Corporation and all information in this annual report are the responsibility of management and have been approved by the Board of Directors. The financial statements include some amounts, such as the allowance for losses on loans, that are necessarily based on management's best estimates and judgement.

The financial statements have been prepared by management in accordance with accounting principles which are generally accepted in Canada and which have been consistently applied. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. The system of internal control is augmented by internal audit which conducts periodic reviews of different aspects of the Corporation's operations. In addition, the internal and external auditors have full and free access to the Audit Committee of the Board, which oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting.

The independent auditor, the Auditor General of Canada, is responsible for auditing the financial statements and for issuing his report thereon.



Eiliv H. Anderson
*Chairman and
Chief Executive Officer*



William G. Mann, C.A.
Chief Financial Officer

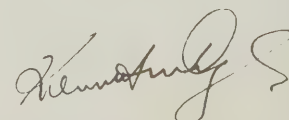
AUDITOR'S REPORT

To the Minister of Agriculture

I have examined the balance sheet of Farm Credit Corporation as at March 31, 1987 and the statements of operations and deficit and changes in cash position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1987 and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with Part XII of the Financial Administration Act and regulations, the Farm Credit Act and the by-laws of the Corporation.



Kenneth M. Dye, F.C.A.
Auditor General of Canada

Ottawa, Canada
June 10, 1987

FARM CREDIT CORPORATION
BALANCE SHEET
 AS AT MARCH 31, 1987

1987 1986
 (in thousands of dollars)

Assets

Cash and short-term investments	\$ 88,494	\$ 112,348
Accounts receivable	1,678	192
Loans receivable (Note 3)	4,961,385	4,984,298
Less: Allowance for losses on loans (Note 4)	219,000	155,800
	<u>4,742,385</u>	<u>4,828,498</u>
Real estate	53,771	45,805
Fixed assets	2,957	1,983
Unamortized debt discount and issue expenses	24,799	26,210
	<u>\$4,914,084</u>	<u>\$5,015,036</u>

Liabilities

Accounts payable and accrued liabilities	\$ 9,223	\$ 6,842
Short-term notes	271,571	237,497
Provision for employee termination benefits	4,190	4,583
Loans payable (Note 5)	4,753,891	4,758,415
	<u>5,038,875</u>	<u>5,007,337</u>

Equity (Deficiency) of Canada

Contributed capital (Note 6)	218,333	218,333
Deficit	343,124	210,634
	<u>(124,791)</u>	<u>7,699</u>
	<u>\$4,914,084</u>	<u>\$5,015,036</u>

The accompanying notes are an integral part of the financial statements

Approved by:





Eiliv H. Anderson
 Chairman and
 Chief Executive Officer

William G. Mann, C.A.
 Chief Financial Officer

FARM CREDIT CORPORATION
**STATEMENT OF OPERATIONS
AND DEFICIT**
FOR THE YEAR ENDED
MARCH 31, 1987

	1987	1986
	<i>(in thousands of dollars)</i>	
Interest income		
Loans receivable	\$465,380	\$474,876
Investments	13,727	11,098
	<u>479,107</u>	<u>485,974</u>
Interest expense		
Loans payable	462,102	452,978
Short-term notes	21,985	21,727
	<u>484,087</u>	<u>474,705</u>
Net interest income	(4,980)	11,269
Provision for losses on loans	98,322	99,351
	<u>(103,302)</u>	<u>(88,082)</u>
Loan fees and charges	3,885	1,637
	<u>(99,417)</u>	<u>(86,445)</u>
Administrative expenses		
Salaries and employee benefits	23,947	26,298
Travel	2,358	2,494
Office accommodation	2,445	2,429
Other	4,323	3,740
	<u>33,073</u>	<u>34,961</u>
Loss for the year	(132,490)	(121,406)
Deficit at beginning of the year	210,634	89,228
Deficit at end of the year	<u>\$343,124</u>	<u>\$210,634</u>

The accompanying notes are an integral part of the financial statements

FARM CREDIT CORPORATION
STATEMENT OF CHANGES
IN CASH POSITION
 FOR THE YEAR ENDED
 MARCH 31, 1987

	1987	1986
	<i>(in thousands of dollars)</i>	
Operating activities		
Loss for the year	(\$132,490)	(\$121,406)
Items not involving cash		
Provision for losses on loans	98,322	99,351
Increase in interest due on loans receivable	(71,594)	(61,450)
Net change in accrued interest	23,435	3,800
Other	11,053	6,640
	(71,274)	(73,065)
Loans to farmers	(315,060)	(235,268)
Loans receivable repaid	323,198	207,201
Proceeds from disposal of real estate	19,465	16,566
Other	(1,080)	3,903
Cash used in operating activities	(44,751)	(80,663)
Financing activities		
Loans from Canada	—	42,500
Loans repaid to Canada	(591,155)	(256,868)
Loans from capital markets	581,554	273,459
Debt issue expenses	(3,576)	(6,083)
Net increase in short-term notes	34,074	140,164
Cash provided by financing activities	20,897	193,172
Net increase (decrease) in cash and short-term investments	(23,854)	112,509
Cash and short-term investments (bank indebtedness)		
at beginning of the year	112,348	(161)
Cash and short-term investments at end of the year	\$ 88,494	\$112,348

The accompanying notes are an integral
 part of the financial statements

Farm Credit Corporation
**NOTES TO FINANCIAL
STATEMENTS**
MARCH 31, 1987

1. The Corporation

Farm Credit Corporation was established in 1959 by the Farm Credit Act as the successor to the Canadian Farm Loan Board and is a Crown corporation named in Schedule C, Part I of the Financial Administration Act. The Corporation's prime objective is to assist Canadian farmers to establish and develop viable farm enterprises through the use of long-term credit as provided for by the Farm Credit Act.

The Corporation also administers the lending program authorized under the Farm Syndicates Credit Act which was originally introduced as the Farm Machinery Syndicates Credit Act in 1964. It provides for loans to groups or syndicates of farmers organized to share in the purchase and use of farm machinery, buildings and installed equipment.

In addition, the Corporation also administers certain programs assigned to it by the government. In the February 26, 1986 Budget, the government directed the Corporation to establish a \$700.0 million Commodity-based Loan Program for existing clients who are experiencing financial difficulty and who meet the eligibility criteria. Under this program, reduced interest rates are available to borrowers and the loan principal is indexed to changes in commodity prices. The resulting net cash flow deficiencies are made up by the government to a maximum of \$20.0 million for 1986-87 and \$50.0 million for 1987-88.

In view of Canada's deficiency of equity in the Corporation and FCC's current financial condition, discussions are underway with the government to develop a financial recovery plan. A wide range of options is being considered. However, the government has yet to make a decision in this regard.

The Corporation operates in one business segment, providing long-term loans to Canadian farmers.

2. Significant accounting policies

(a) Allowance for losses on loans

The allowance for losses on loans represents an estimate of probable losses on the accounts outstanding at the end of the year and is based on a review of collectability of outstanding loans. Attention is focused on loans which are in arrears. With respect to this estimate, the Corporation recognizes that future economic and agricultural conditions are not predictable and, therefore, their impact on the collectability of loans is uncertain.

Actual losses on loans and write-downs of acquired real estate to net realizable value are charged to the allowance while recoveries of losses on loans are credited to the allowance. The adjustment of the allowance to the appropriate level is charged to operations as a provision for losses on loans. In addition to a specific allowance made as a result of the review of the outstanding loans in arrears, a general allowance is established to provide for losses on loans which have not yet been specifically identified.

(b) Revenue recognition

Interest income is recorded on an accrual basis. Interest is not recognized on non-performing loans. A non-performing loan is defined as a loan where, in management's opinion, there is reasonable doubt as to collectability.

Loan fees and charges are recorded when earned.

(c) Real estate

Real estate is carried at the lower of cost and net realizable value. It represents farm property acquired in the process of administering the outstanding loans receivable and must be disposed of within five years of acquisition or such further period as the Governor in Council may prescribe.

(d) Fixed assets

Fixed assets are recorded at cost less accumulated depreciation or amortization. Leasehold improvements are amortized using the straight-line method over the term of the lease and one renewal period. Computer hardware and software are depreciated using the straight-line method over their estimated useful lives. Other fixed assets are depreciated using the diminishing balance method.

(e) Debt discount and issue expenses

Discounts and expenses relating to the issuance of debt are amortized on a straight-line basis over the life of the debt and included in interest expense on loans payable.

(f) Translation of foreign currencies

Loans payable in foreign currencies are hedged by currency conversion agreements and are translated into Canadian dollars at the rates provided therein. The differences between the ultimate amounts payable at the contracted rates and the cash proceeds of the debt issues are considered to be financing costs and are therefore amortized by charges to interest expense over the lives of the obligations on a straight-line basis. The related interest payable in foreign currencies on these debt issues is also hedged by currency conversion agreements and is translated into Canadian dollars at such contract rates.

(g) Pension plan

The Corporation's employees participate in the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are made equally by both employees and the Corporation, and these contributions are expensed during the year in which the services are rendered.

(h) Employee termination benefits

On termination of employment, employees of the Corporation are entitled to severance benefits provided for under their terms of employment. The liability for these benefits is recorded as the benefits accrue to the employees.

(i) Income taxes

The Corporation records income taxes on the tax allocation basis which recognizes the income tax effect of transactions when they are recorded in accounting income, regardless of when such items are recognized for tax purposes.

3. Loans receivable

	Maturities not exceeding	Annual interest rate %	1987 <i>(in thousands of dollars)</i>	1986
Loans to farmers, secured by mortgages	24 years	5-7 $\frac{7}{8}$	\$ 556,501	\$ 609,767
	25 years	8-10 $\frac{7}{8}$	2,070,218	1,812,994
	26 years	11-12 $\frac{7}{8}$	1,561,319	1,650,900
	26 years	13-16 $\frac{3}{4}$	730,084	871,147
			4,918,122	4,944,808
Loans to farm syndicates, secured by notes	15 years	6 $\frac{1}{4}$ -17 $\frac{1}{2}$	7,573	9,012
Loans receivable from real estate sales, secured by agreements for sale or mortgages	26 years	5-15 $\frac{3}{4}$	35,690	30,478
			\$4,961,385	\$4,984,298

Maturities by fiscal year are as follows:

Past due	\$ 56,325	\$ 41,985
1987	—	76,206
1988	148,220	139,920
1989	163,554	149,770
1990	581,787	615,339
1991	289,975	221,937
1992	316,935	240,961
1993 through 2014	2,964,006	3,072,894
	4,520,802	4,559,012
Accrued interest	440,583	425,286
	\$4,961,385	\$4,984,298

During the year, interest not recognized on non-performing loans amounted to \$55.4 million, (1986 - \$40.0 million). At March 31, 1987, the accumulated interest not recognized on non-performing loans amounted to \$95.4 million.

Prepayments of principal from farmers of \$215.9 million (1986 - \$106.3 million) were received during the year.

During the year, Commodity-based Loans in the amount of \$242.6 million were disbursed. Of this amount, \$13.5 million was used to pay arrears on the Corporation's previous loans.

Farm Credit Corporation
**NOTES TO FINANCIAL
STATEMENTS**
MARCH 31, 1987

4. Allowance for losses on loans

The allowance for losses on loans as at March 31, 1987, has been reduced by \$15.0 million. This represents the balance of a \$20.0 million commitment made in the February 26, 1986 Budget as part of the federal government's Farm Financial Assistance Package.

The intent of this allocation was to reduce the impact of probable losses on the Corporation.

In addition, certain amounts relating to interest which were previously included in the 1986 comparative amounts of the loans receivable and the allowance for losses on loans have been re-stated to conform to the presentation adopted in 1987.

5. Loans payable

	Maturities not exceeding	Annual interest rate %	1987 <i>(in thousands of dollars)</i>	1986
Loans from Canada, secured by notes				
Farm Credit Act	10 years	6 - 7 1/2	\$ 538,748	\$ 625,951
	14 years	8 - 10 3/4	1,460,830	1,529,561
	15 years	11 - 12 1/4	1,298,898	1,730,977
			3,298,476	3,886,489
Farm Syndicates Credit Act	7 years	9 3/4 - 16 1/2	6,030	9,172
			3,304,506	3,895,661
Loans from capital markets, secured by notes				
Farm Credit Act	10 years	8 3/4 - 12 1/4	1,319,128	735,312
Amounts owing in respect of interest rate and currency conversion agreements	7 years	8 3/4 - 11	9,028	11,290
			4,632,662	4,642,263
Accrued interest			121,229	116,152
			\$4,753,891	\$4,758,415

Maturities by fiscal year are as follows:

	1987 <i>(in thousands of dollars)</i>	1986
1987	\$ —	\$ 211,702
1988	201,851	211,885
1989	209,756	230,534
1990	855,290	861,462
1991	454,229	460,136
1992	334,697	346,651
1993 through 2005	2,576,839	2,319,893
	4,632,662	4,642,263
Accrued interest	121,229	116,152
	\$4,753,891	\$4,758,415

6. Contributed capital

The contributed capital of the Corporation represents the amount received from Canada under Section 12 of the Farm Credit Act. The statutory limit on this amount is \$225.0 million (1986 – \$225.0 million). During the year, no capital was contributed by Canada.

7. Income taxes

As at March 31, 1987 the Corporation has available various timing differences of approximately \$321.0 million which have not been recognized in the accounts since these will not be utilized in the foreseeable future. These result primarily from differences between the provision for losses on loans charged to operations and the amount claimed for tax purposes pursuant to Section 33 of the Income Tax Act.

In addition, the loss carry-forward for income tax purposes which has not been recognized in the financial statements amounts to \$13.0 million. Of this amount, \$7.0 million will expire on March 31, 1993 and \$6.0 million will expire March 31, 1994.

8. Limits on borrowing

The Farm Credit Act limits the aggregate amount outstanding of the principal borrowings by the Corporation pursuant to the Act to twenty-five times the capital of the Corporation. At March 31, 1987 the Corporation's outstanding borrowings under this Act, comprising short-term notes of \$271.6 million and loans payable of \$4,617.6 million, were 22.39 times the capital of \$218.3 million (1986 – 22.26 times).

The Farm Syndicates Credit Act limits the loans from Canada pursuant to the Act to twenty-five million dollars. At March 31, 1987 the Corporation's loans from Canada under this Act were \$6.0 million (1986 – \$9.2 million).

9. Commitments to farmers

As at March 31, 1987, loans to farmers approved but not disbursed amounted to \$62.2 million (1986 – \$44.3 million). Of this amount, \$53.3 million were for regular loan approvals, most of which were approved at rates from 10.75% to 11.50%. The balance of \$8.9 million is related to Commodity-based Loans approved at rates of 6% and 8.50%. It is expected that the majority of these loans will be disbursed within the six-month period ending September 30, 1987.

10. Operating leases

The future minimum lease payments by fiscal year required under operating leases having initial non-cancellable lease terms in excess of one year are as follows:

	<i>(in thousands of dollars)</i>
1988	\$1,426
1989	1,157
1990	1,004
1991	790
1992	500
1993 and subsequent	1,439
	<u>\$6,316</u>

These leases generally provide for the payment by the Corporation of real estate taxes and operating expenses in excess of those amounts established at the commencement of the lease term.

11. Subsequent Events

As an interim measure, effective April 1, 1987 and pending approval of Farm Credit Corporation's recovery plan, the Corporation has discontinued all financial market borrowings. Any required borrowing or refinancing, including any short term requirements, will be made from the Consolidated Revenue Fund and will be subject to the approval of the Minister of Finance.

The moratorium on foreclosures was lifted on May 1, 1987. Accordingly, the Corporation may commence foreclosure actions after all alternatives have been considered.

12. Comparative figures

Certain 1986 comparative figures have been reclassified to reflect the presentation adopted in 1987.

FIVE YEAR REVIEW

Operational	86-87	85-86	84-85	83-84	82-83
Total loans receivable portfolio					
Number of loans receivable	75,487	78,183	79,270	80,112	77,609
Amount of loans receivable (\$000)	4,961,385	4,984,298	4,992,728	4,917,100	4,291,462
Under Farm Credit Act					
Number of loans approved	4,311	2,278	2,316	5,738	5,509
Amount of loans approved gross (\$000)	610,134	246,965	268,941	779,007	635,568
Amount of loans approved net (\$000)	336,400	237,683	258,748	758,142	614,370
Average size of loans approved (\$)	141,530	108,413	116,123	135,763	115,369
Percentage of loans in good standing	80.5	81.9	84.7	87.6	88.9
Under Farm Syndicates Act					
Number of loans approved	44	37	63	92	84
Amount of loans approved (\$000)	1,233	1,119	1,584	2,855	2,289

Financial	86-87	85-86	84-85	83-84	82-83
Revenues and expenses (\$000)					
Interest income	479,107	485,974	527,261	487,260	397,419
Net interest income	(4,980)	11,269	47,279	41,440	34,036
Administrative expenses	33,073	34,961	32,086	31,643	28,233
Provision for loan losses	98,322	99,351	46,278	65,708	31,758
Loss before tax & extraordinary item	—	—	(30,178)	(53,395)	(24,459)
Loss for year	(132,490)	(121,406)	(30,178)	(56,714)	(13,208)
Financial Position (\$000)					
Total assets	4,914,084	5,015,036	4,940,229	4,901,222	4,300,126
Total liabilities	5,038,875	5,007,337	4,811,124	4,770,339	4,136,429
Equity (Deficiency) of Canada	(124,791)	7,699	129,105	130,883	163,697
Selected financial indicators					
Debt-to-equity ratio (Loans payable ÷ equity)	— 38.09:1	618.06:1	36.44:1	36.38:1	25.20:1
Asset coverage ratio (Net tangible assets ÷ loans payable)	1.03:1	1.05:1	1.04:1	1.03:1	1.04:1
Interest coverage ratio (Total income less operating expenses ÷ interest expense)	.93:1	.95:1	.94:1	.88:1	.93:1
Profit margin (Loss ÷ total income)	— 27.43%	— 24.98%	— 5.71%	— 11.58%	— 3.31%
Return on equity (Loss ÷ average equity)	— 226.30%	— 177.49%	— 23.21%	— 38.50%	— 8.32%

Members of the Board

The Board of the Corporation is composed of seven members, each of whom is appointed by the Governor in Council. The Chairman and Vice-Chairman of the Board are officer-directors of the Corporation. The Chairman is the Chief Executive Officer and as such has supervision over and direction of the work and staff of the Corporation. There was one vacancy on the Board at year end.

Eiliv H. Anderson*

Chairman of the Board and Chief Executive Officer

Paul Babey

Vice-Chairman of the Board and Vice-Chairman

Frank Claydon

*Assistant Deputy Minister
Agriculture Canada*

Blois Dingwell*

*Dairy farmer, Prince Edward
Island*

George Klosler*

*Tobacco, grain, ginseng and hog
producer, Ontario*

Georges L'Heureux

Dairy farmer, Quebec

**Note: Members of the Audit Committee.*

Members of the Board (left to right)

*standing: Blois Dingwell, George Klosler,
Georges L'Heureux*

*seated: Frank Claydon, Paul Babey, Eiliv
Anderson*



Advisory Committee

The Advisory Committee is appointed by the Minister of Agriculture to advise him and the Corporation on lending policy matters. The majority of the members must be farmers or representatives of farm organizations.

Don Knoerr

British Columbia

Mack McLaughlin

Alberta

Jean-Marie Bourrée

Saskatchewan

Edward Mazer

Manitoba

Ron Oswald

Ontario

Garnet Rickard

Ontario

Noël Lamontagne

Quebec

Jeannine Caron-Giasson

Quebec

Leon Bremner

New Brunswick

Keith Barrett

Prince Edward Island

Chairmen of Appeal Boards

Appeal Boards composed of practicing farmers of proven ability and judgement are established in each province to hear appeals from farmers who are not satisfied with the Corporation's decision on their loan applications.

E. T. (Ted) Osborn

British Columbia

Gordon Miller

Alberta

Art Missal

Saskatchewan

Frank P. Pitura

Manitoba

Edward J. Mailloux

Ontario

Robert Brochu

Quebec

W. Burris Coburn

New Brunswick

Thomas Meredith

Nova Scotia

Wilbert MacKenzie

Prince Edward Island

Dennis Galway

Newfoundland

Head Office

Eiliv H. Anderson

Chairman and Chief Executive Officer

Paul Babey

Vice-Chairman

Gordon H. Hollingshead

Executive Director

Terry Kremeniuk

Secretary to the Board and Director, Corporate Planning and Communications

Brian Strom

Director, Lending Operations

William G. Mann, C.A.

Chief Financial Officer

Thomas R. Robertson

Treasurer

John J. Poirier, C.A.

Controller

Louise Neveu

Director, Management Services

Pierre Laflamme

Director, Corporate Audit

Legal Counsel –

Jean-E. Brassard

Regional Offices	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Atlantic
Managers	George Jones* Suite 200 595 K.L.O. Road Kelowna V1Y 8E7 (604) 762-2416		Dave Fraser 500 South Broad Plaza 2045 Broad Street Regina S4P 2B7 (306) 780-5610	Russ Holm 400-5 Donald Street Winnipeg R3L 2T4 (204) 983-4039	Bob Aumell 450 Speedvale Avenue West Guelph N1H 7G7 (519) 821-1330	Fabien Langlois Champlain Bldg. 2700 Laurier Blvd. Ste-Foy G1V 4C7 (418) 648-3993	John van Abbema Suite 230 1133 St. George Blvd. Moncton, N.B. E1E 4E1 (506) 857-6595
	*Location: Edmonton						
District offices	Kelowna	Grande Prairie, Lacombe, Lethbridge, Vegreville, Westlock	North Battleford, Prince Albert, Regina, Saskatoon, Swift Current, Yorkton	Brandon, Portage la Prairie, Winnipeg	Chatham, Guelph, Lindsay, Nepean, North Bay, Walkerton	Cap-de-la- Madeleine, Ste-Foy, St-Hyacinthe, St-Jean, Rock Forest	Charlottetown, Moncton
Field offices	Abbotsford, Dawson Creek, Kelowna, Prince George	Athabasca, Barrhead, Brooks, Calgary, Camrose, Drumheller, Edmonton, Evansburg, Fairview, Falher, Hanna, High Level, Medicine Hat, Olds, Peace River, Stettler, St. Paul, Vermilion, Wainwright, Westaskiwin	Assiniboia, Carlyle, Humboldt, Kindersley, Meadow Lake, Moose Jaw, Rosetown, Tisdale, Weyburn, Wynyard	Arborg, Carman, Dauphin, Killarney, Morden, Neepawa, Swan River, Virden	Barrie, Campbellford, Cornwall, Essex, Goderich, Kingston, Lambeth, Listowel, New Liskeard, Owen Sound, Simcoe, Stratford, Vineland, Wyoming	Arthabaska, Drummondville, Granby, Hull, Joliette, Rimouski, Roberval, St-Georges de Beauce, St-Jérôme, Valleyfield	Fredericton, Grand Falls, Sussex, Woodstock, Kentville, Truro, Summerside, St. John's

Conflict of Interest

The Corporation, through its by-laws and related policies, has established a code of conduct required from all employees.

As a condition of employment, employees are required to read and sign the ***Declaration and Promise of Fidelity and Secrecy***, a document which outlines the employees' responsibilities vis-à-vis potential conflict of interest and confidentiality issues. In addition to the declaration, employees are required to abide by a general code of conduct. This code effectively prohibits any employee from engaging in an endeavour which conflicts with the discharge of duties and responsibilities. Items addressed include:

Personal Harassment: Personal harassment is considered misconduct and is treated as such.

Acquisition of Acreage: Employees may only acquire acreage following consultation with their senior manager, and the submission of a statement regarding the intent to purchase.

Loans to Employees: Employees are ineligible to receive a farm loan under the legislation administered by the Corporation.

Electronic Data Processing

Equipment: Use of such equipment for purposes unrelated to recognized duties and responsibilities is not permitted.

In addition to rules governing employee conduct, the Corporation has adopted a post-employment code applicable to senior managers. The code prohibits the misuse of information or knowledge gained while employed by the Corporation after leaving office.

The full text of the conflict of interest and post-employment codes is found in the Corporation's Human Resources Policy Manual (Section 3/100-5) and the publication entitled ***Conflict of Interest and Post Employment Code for Public Office Holders***, copies of which are available from the Office of the Assistant Deputy Registrar General of Canada in Ottawa.



Farm Credit Corporation
Canada

Société du crédit agricole
Canada

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